

**Interim Management Report of Fund Performance**

# **AGF Systematic International Equity ETF**

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

For the six months ended March 31, 2024, AGF Systematic International Equity ETF (the "Fund") returned 16.3% (net of expenses) while the MSCI EAFE Net Index returned 16.5%.

The Fund under-performed the MSCI EAFE Net Index due to sectoral allocation decisions. The Industrials sector detracted from results the most, as did Energy due to an unfavorable overweight allocation to the sector. On the other hand, Consumer Staples contributed the most to results, owing to a favorable underweight allocation to the sector. The Materials sector also contributed to performance. From a country perspective, Australia and Norway were the biggest detractors from performance, while France and the UK were the biggest contributors.

The Fund had net subscriptions of approximately \$6 million for the current period, as compared to net redemptions of approximately \$13 million in the prior period. Rebalancing by fund on fund programs resulted in net redemptions of approximately \$300 in the Fund. The portfolio manager does not believe that subscription/redemption activity had a meaningful impact on the Fund's performance or the ability to implement its investment strategy.

### 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 ("AI") 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 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 ("GDP") 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, 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. The Information Technology sector has been the focus of the market rally due to strong performance by several stocks named the 'Magnificent 7'. The demand around AI also led to a rise in demand for chips and semiconductors. 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 the year at 3.9%.

Europe witnessed many hiccups during the reporting period but posted positive returns. During the reporting period, European equities posted strong returns, mainly due to performance of the Information Technology and Industrials sectors. However, the economy went through a difficult period after the bloc's GDP expanded by a mere 0.1% in the last calendar quarter of 2023. Even though the manufacturing purchasing managers' index ("PMI") was on the rise at the start of the calendar year, production stagnated after Germany, the region's biggest economy, entered a technical recession towards the end of 2023. The PMI measures the economic health of the manufacturing sector and is compiled based on new orders, inventory levels, production, supplier deliveries and employment environment. The inflation in the region fell to 2.6% in February 2024, the lowest in three months and the interest rate was kept unchanged at 4.5% during the European Central Bank's latest meeting. However, the anticipation of interest rate cuts by the Bank of England helped to keep the market sentiment positive.

The MSCI Emerging Markets Index performed positively during the reporting period. Throughout the reporting period, China was one of the biggest drags on overall performance as the country's worsening property sector crisis and restrictions in the gaming sector adversely affected performance. Although it witnessed some relief during 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., CIBC SQUARE, Tower One, 81 Bay Street, Suite 3900, Toronto, Ontario, Canada M5J 0G1, 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.

Lunar New Year due to increased tourism, the overall domestic demand and corporate earnings remained low. India, on the other hand, was a strong contributor during the reporting period as the country's equity markets attracted higher fund inflows during the period.

As the bull market continued during the first calendar quarter of 2024, the portfolio manager maintains a constructive view on equities. The portfolio manager remains encouraged by the resilience of the U.S. economy, which has been underpinned by a resilient consumer sentiment with healthy household balance sheets and a tight labour market. While economic growth is expected to slow as the lagged impact of rate increases continues to take effect, the portfolio manager continues to believe that there is a strong likelihood of the U.S. economy being able to avoid a recession.

With the equity market, the portfolio manager believes 2024 is likely to be another positive year, while global equities may also benefit from the return of earnings growth. As the S&P 500 Index continues to march up, the 2024 target levels for the equity index have been revised upward by many major banks and intermediaries.

Finally, the pronounced market narrowness witnessed during 2023 had somewhat eased towards the end of the calendar year, as broader market participation took hold as yields declined in the fourth calendar quarter. The portfolio manager believes the broadening out of leadership will be a trend that continues into 2024.

## Related Party Transactions

AGF Investments Inc. ("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. AGFI entered into an investment sub-advisory agreement with AGF Investments LLC, which acts as a sub-advisor and provides investment sub-advisory services to the Fund. Under the Declaration of Trust, the Fund pays management fees (including fees for sub-advisory services), calculated based on the Net Asset Value of the Fund. Management fees of approximately \$102,000 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.

## 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>28.23</b>	<b>24.76</b>	<b>30.82</b>	<b>27.26</b>	<b>27.56</b>	<b>29.06</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.61	0.96	1.00	0.89	0.90	1.05
Total expenses	(0.13)	(0.43)	(0.32)	(0.29)	(0.30)	(0.34)
Realized gains (losses)	0.34	0.08	(0.40)	0.67	(1.17)	(2.31)
Unrealized gains (losses)	3.79	3.56	(5.33)	3.04	0.01	(1.17)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>4.61</b>	<b>4.17</b>	<b>(5.05)</b>	<b>4.31</b>	<b>(0.56)</b>	<b>(2.77)</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	(0.84)	(1.42)	(0.74)	(0.46)	(0.67)	(1.37)
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.84)</b>	<b>(1.42)</b>	<b>(0.74)</b>	<b>(0.46)</b>	<b>(0.67)</b>	<b>(1.37)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>31.93</b>	<b>28.23</b>	<b>24.76</b>	<b>30.82</b>	<b>27.26</b>	<b>27.56</b>

## 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)	61,473	48,692	47,657	85,525	111,783	48,231
Number of units outstanding (000's)	1,925	1,725	1,925	2,775	4,100	1,750
Management expense ratio <sup>(5)</sup>	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%
Trading expense ratio <sup>(7)</sup>	0.21%	0.62%	0.22%	0.17%	0.33%	0.42%
Portfolio turnover rate <sup>(8)</sup>	29.70%	207.86%	54.23%	40.04%	58.97%	136.60%
Net Asset Value per unit	31.93	28.23	24.76	30.82	27.26	27.56
Closing market price <sup>(9)</sup>	31.97	28.16	24.61	30.62	27.22	27.57

## 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 January 2017, 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 TSX. 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 (including fees for sub-advisory services) at the annual rate of 0.45%, 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.

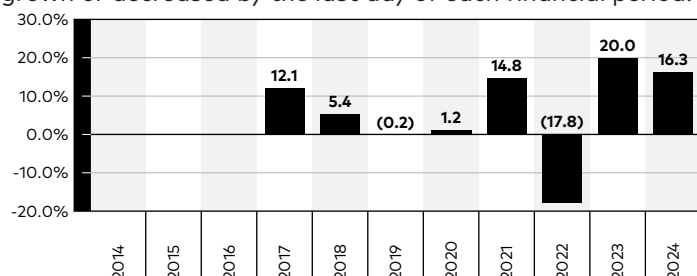
## Past Performance\*

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, 2023 (interim performance for the six months ended March 31, 2024) 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 2017 represents returns for the period from January 30, 2017 to September 30, 2017.

## 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.

Portfolio by Country	Percentage of Net Asset Value (%)
Japan	24.4
United Kingdom	13.1
France	10.7
Germany	9.4
Switzerland	7.9
Australia	6.3
Netherlands	4.9
Sweden	4.8
Denmark	3.4
Italy	3.3
Belgium	2.3
Singapore	2.0
Spain	1.9
Hong Kong	1.4
Cash & Cash Equivalents	1.2
Israel	0.8
New Zealand	0.5
Austria	0.5
United States	0.4
Ireland	0.2
Other Net Assets (Liabilities)	0.6

Portfolio by Sector	Percentage of Net Asset Value (%)
Financials	22.4
Consumer Discretionary	14.5
Industrials	13.4
Health Care	10.3
Materials	8.9
Consumer Staples	8.6
Information Technology	8.5
Energy	5.1
Communication Services	4.5
Utilities	2.0
Cash & Cash Equivalents	1.2
Other Net Assets (Liabilities)	0.6

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
International Equity	97.8
Cash & Cash Equivalents	1.2
United States Equity	0.4
Other Net Assets (Liabilities)	0.6

\* 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.

Top Holdings	Percentage of Net Asset Value (%)
Novo Nordisk A/S	3.3
ASML Holding NV	2.7
Shell PLC	2.1
AstraZeneca PLC	1.9
SAP SE	1.9
LVMH Moët Hennessy-Louis Vuitton SE	1.8
BNP Paribas SA	1.7
Siemens AG	1.6
BHP Group Limited	1.5
Toyota Motor Corporation	1.5
Nestlé SA	1.5
GSK PLC	1.4
Intesa Sanpaolo SpA	1.3
Honda Motor Company Limited	1.3
Holcim Limited	1.3
Mercedes-Benz Group AG	1.3
ABB Limited	1.2
Anheuser-Busch InBev SA/NV	1.2
Cash & Cash Equivalents	1.2
SoftBank Corporation	1.1
Investor AB	1.1
Allianz SE	1.1
Air Liquide SA	1.0
3i Group PLC	1.0
Schneider Electric SE	1.0
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 61,473</b>



For more information contact your investment advisor or:

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