

Annual Management Report of Fund Performance

# AGF Emerging Markets Strategic Equity Fund

September 30, 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.

### Investment Objective and Strategies

Pursuant to the Declaration of Trust, the investment objective of AGF Emerging Markets Strategic Equity Fund (the "Fund") is to seek to provide superior risk-managed capital growth through exposure to shares of companies that are located or active mainly in emerging markets countries. To achieve this objective, AGF Investments Inc. ("AGFI"), as portfolio manager, generally allocates the Fund's assets among underlying mutual funds (the "Underlying Funds") and exchange traded funds ("ETFs") managed by third parties or AGFI (or an AGFI affiliate). AGFI has set, and reviews quarterly, target dynamic allocations between emerging markets equity funds and ETFs for the Fund, consistent with the Fund's investment objective. During periods of market downturn or for other reasons, a significant portion of the Fund's assets may be held in cash or cash equivalents.

### Risk

The risks of investing in the Fund remain as disclosed in the current prospectus. Any changes to the Fund over the period have not affected the overall level of risk of the Fund.

The Fund continues to be suitable for investors who want the growth potential of equity securities of emerging markets countries and investing for the longer term with a medium tolerance for risk. The suitability of the Fund has not changed from what has been disclosed in the prospectus.

### Results of Operations

For the year ended September 30, 2023, the Fund returned 8.3% (net of expenses) while the MSCI Emerging Markets Net Index returned 9.8%.

The discussion below regarding the performance of the Fund references the performance of the ETFs and the Mutual Fund Units of the Underlying Funds, as applicable. The Fund holds Series O Units of the Underlying Funds. The performance of Series O Units is substantially similar to that of Mutual Fund Units, save for differences in expense structure. The Underlying Funds may be subject to valuation adjustments as outlined in the Underlying Funds' valuation policies as it relates to non-North American equities held by the Underlying Funds. A fair value adjustment can either positively or negatively impact the Underlying Funds' rate of return.

The Fund under-performed the MSCI Emerging Markets Net Index due to security selection effects in Brazil and China, while positive selection in India helped to partially offset the adverse results. While sector allocation is a by-product of active country and security decisions, the Fund's exposure in the Information Technology, Consumer Staples and Health Care sectors detracted from performance during the reporting period. On the contrary, the Fund's exposure in the Consumer Discretionary, Industrials and Materials sectors positively contributed to the Fund's returns.

The Fund's major portfolio categories, as a percentage of Net Asset Value as at September 30, 2023, include approximately 96.0% in foreign equity via its holdings in the Underlying Funds and ETFs, 5.0% in cash and cash equivalents and 1.0% in other net liabilities. During the reporting period, the Fund's allocation to foreign equity and cash and cash equivalents remained fairly consistent.

The Fund had net subscriptions of approximately \$4 million for the current period, as compared to net subscriptions of approximately \$1 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

Emerging economies, excluding China, enjoyed a mostly favourable economic environment in the first three calendar quarters of 2023, characterized by what is called a 'Goldilocks' scenario. The term describes an ideal state for an economy that is considered "just right" with various factors working together, such as positive growth and subdued inflation. However, this favourable backdrop faced some recent challenges due to unexpected inflationary pressures from rising food and energy prices. These inflationary spikes are likely transient, though surprising demand strength in select emerging markets (excluding China) further complicated the situation. Nevertheless, the relatively subdued recovery in China acted as a mitigating factor, helping to alleviate inflationary pressures across the broader spectrum of emerging markets. The portfolio manager expects this situation to persist until China's economic recovery gains more significant momentum.

Potential risks to the emerging markets' inflation outlook include the possibility of a more robust economic recovery in China, potentially spurred by larger-than-expected stimulus, a further appreciation of the U.S. dollar and isolated spikes in food prices, potentially triggered by events such as El Niño later in the calendar year. Notably, any additional economic weakness in China is likely to contribute to continued disinflation in emerging markets, possibly resulting in slower economic growth.

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

Authorities in China have thus far employed relatively modest monetary tools and fiscal measures to stimulate the economy. This approach has left markets somewhat underwhelmed. The likelihood of a substantial stimulus similar to those seen during the 2008-2009 and 2015-2016 downturns appears improbable. This is partly due to the Chinese government's commitment to transition the economy away from a reliance on real estate and infrastructure investments toward consumption-led growth. Additionally, China's fiscal position has weakened compared to previous economic downturns, characterized by lower fiscal revenues due to prior tax policies and significantly elevated debt levels. However, it is essential to note that the portfolio manager anticipates China will continue to build on its recent policy momentum, aiming to boost investor sentiment, stabilize property markets and support overall economic growth. Consequently, the portfolio manager expects China's economic activity to gain momentum later in the calendar year and extend into 2024. This could result in positive spill-over effects on other emerging and developed economies, potentially leading to a widening gap between the economic growth of emerging and developed markets. Historically, such disparities have favoured emerging market equities, typically out-performing their developed market counterparts during these periods.

Many central banks in emerging markets have taken a proactive stance by implementing policy rate cuts. Countries that began rate hikes ahead of the U.S. Federal Reserve (the "Fed"), including Brazil and Chile, have benefited from lower policy rates. Their resilience against the backdrop of the Fed's higher-for-longer stance is attributed to the Fed's transparent communication and its proximity to the end of its tightening cycle. However, the potential challenge of a strengthening U.S. dollar remains a risk. If the U.S. dollar continues to appreciate, it could disrupt inflation expectations, potentially leading emerging market central banks to reconsider further rate cuts.

## 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 \$10,000 were incurred by the Fund during the period ended September 30, 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 past five years as applicable.

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

For the periods ended	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>23.74</b>	<b>25.00*</b>	-	-	-
<b>Increase (decrease) from operations:</b>					
Total revenue	0.30	0.02	-	-	-
Total expenses	(0.09)	(0.03)	-	-	-
Realized gains (losses)	0.06	-	-	-	-
Unrealized gains (losses)	(0.91)	(1.95)	-	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.64)</b>	<b>(1.96)</b>	-	-	-
<b>Distributions:</b>					
From income (excluding dividends)	(0.00)	-	-	-	-
From dividends	(0.40)	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.40)</b>	-	-	-	-
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>25.32</b>	<b>23.74</b>	-	-	-

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

For the periods ended	Sept 30, 2023	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020	Sept 30, 2019
Total Net Asset Value (\$000's)	4,902	908	-	-	-
Number of units outstanding (000's)	194	38	-	-	-
Management expense ratio <sup>(5)</sup>	0.35%	0.38%	-	-	-
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.36%	0.38%	-	-	-
Trading expense ratio <sup>(7)</sup>	0.26%	0.17%	-	-	-
Portfolio turnover rate <sup>(8)</sup>	5.84%	0.00%	-	-	-
Net Asset Value per unit	25.32	23.74	-	-	-

### Explanatory Notes

- (1) a) This information is derived from the Fund's audited annual 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.

\* represents initial Net Assets

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

- (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) 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.

## 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.

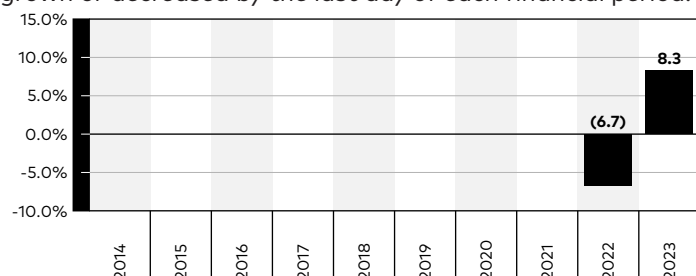
## Past Performance\*

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 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 2022 represents returns for the period from July 6, 2022 to September 30, 2022.

### Annual Compound Returns

The following table compares the historical annual compound returns for the Fund with the index, for each of the periods ended September 30, 2023.

Percentage Return:	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund	8.3	N/A	N/A	N/A	0.8
MSCI Emerging Markets Net Index	9.8	N/A	N/A	N/A	3.0

The MSCI Emerging Markets Net Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

For a discussion of the relative performance of the Fund as compared to the index, see Results of Operations in the Management Discussion of Fund Performance.

## Summary of Investment Portfolio

As at September 30, 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 December 31, 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	92.7
Cash & Cash Equivalents	4.9
ETFs - International Equity	3.0
Other Net Assets (Liabilities)	(0.6)

Top Holdings	Percentage of Net Asset Value (%)
AGF Emerging Markets Fund	92.7
Cash & Cash Equivalents	4.9
AGF Systematic Emerging Markets Equity ETF	3.0
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 4,902</b>

\* The indicated rates of return shown here are the historical annual compounded total 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. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.



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