

Annual Management Report of Fund Performance

# AGF US Market Neutral Anti-Beta CAD-Hedged ETF

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 US Market Neutral Anti-Beta CAD-Hedged ETF (formerly, AGFiQ US Market Neutral Anti-Beta CAD-Hedged ETF) (the "Fund") is to provide a consistent negative beta exposure to the U.S. equity market by investing primarily in long positions in low beta U.S. equities and short positions in high beta U.S. equities on a dollar neutral basis, within sectors. Beta measures the relative volatility of the value of a security compared with that of a market index. AGF Investments Inc. ("AGFI"), as portfolio manager, constructs a dollar neutral portfolio of long and short positions of U.S. equities by investing primarily in the constituent securities of the Dow Jones U.S. Thematic Market Neutral Low Beta Index (the "Index") in approximately the same weight as they appear in the Index, subject to certain rules-based adjustments. The performance of the Fund depends on the difference in the rate of returns between its long positions and short positions. Although the Fund may seek to invest in all of the constituent securities that comprise the Index, the Fund may elect to invest in a representative sample of the long and short positions in the Index or in other constituents in the universe. The portfolio asset allocation is rebalanced and reconstituted on a quarterly basis.

The Fund uses leverage, which may be created through the use of cash borrowings, short sales and/or derivatives. The Fund does not currently anticipate borrowing cash but may do so in the future. The Fund's leverage must not exceed 300% of its Net Asset Value (see Explanatory Note (1) a)) and is calculated in accordance with the methodology prescribed by securities laws, or any exemptions therefrom.

### 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 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 -2.3% (net of expenses) while the Dow Jones U.S. Thematic Market Neutral Low Beta Index (CAD-Hedged) (Net Return) returned -6.2%.

The Fund out-performed the Dow Jones U.S. Thematic Market Neutral Low Beta Index (CAD-Hedged) (Net Return) due to reduced market volatility and high beta stocks under-performing low beta stocks during the reporting period. The Fund is a long/short portfolio constructed by investing long in U.S. equities that have below average beta and shorting those securities that have above average beta. Designed with a negative beta to the market, the Fund has the potential to deliver positive returns during significant market drawdowns. Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Volatility, as measured by the Chicago Board Options Exchange Market Volatility Index ("VIX"), decreased from 31.62 to 19.78 during the period, representing a 37.0% decrease.

Leverage occurs when the Fund's aggregate exposure to underlying assets is greater than the amount invested and may not exceed 300% of the Fund's Net Asset Value. Aggregate exposure is the sum of the following: (i) the aggregate market value of cash borrowing; (ii) the aggregate market value of physical short sales on equities, fixed income securities or other portfolio assets; and (iii) the aggregate notional value of specified derivatives positions excluding any specified derivatives used for hedging purposes. During the reporting period, the Fund's leverage position ranged from 112.0% to 186.4% of its Net Asset Value. The primary sources of leverage were securities sold short and short positions in total return swaps.

The Fund entered into foreign exchange forward contracts during the period under review. As of September 30, 2023, the Fund was long Canadian dollar and short U.S. dollar in order to hedge its currency exposure.

The Fund had net subscriptions of approximately \$102 million for the current period, as compared to net subscriptions of approximately \$77 million in the prior period. Rebalancing by fund on fund programs resulted in net subscriptions of approximately \$30 million in the Fund. 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 equities rallied strongly during the reporting period despite facing significant uncertainty and volatility, as central banks continued to fight inflationary pressures with

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 1 800 387-2563, 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.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.

tighter financial conditions. Furthermore, China's faltering economic recovery and a short-lived banking crisis added to the uncertainty. Companies with exposure to artificial intelligence ("AI") and large language models led a significant market rally, though this was limited to a very narrow group of stocks for the first five calendar months of 2023. However, market breadth started to widen in the final four months of the reporting period as rising real interest rates negatively impacted longer duration equities, which included many technology-focused companies. Long duration equities (often growth-oriented companies) are expected to produce their highest cash flows in the future and thus more sensitive to interest rate changes. The U.S. Federal Reserve (the "Fed") hiked policy rates six times during the reporting period. However, the Fed paused its rate hiking cycle at its September 2023 meeting to assess the lagged effects of rate hikes on the economy as inflationary pressures modestly eased. Elsewhere, core inflation in Europe and the UK remained sticky through the reporting period. Furthermore, Russia backed out of the Black Sea grain trade agreement in July 2023, reviving concerns about global food inflation.

In the U.S., despite expectations of a potential recession, the U.S. economy grew at a 2.1% rate during the second calendar quarter of 2023. Early in 2023, a short-lived banking crisis resulted in three U.S. regional bank failures and one in Europe, leading to rising concerns over a global banking crisis. Nevertheless, regulators around the world were quick to act, which helped mitigate further contagion risk. U.S. consumer sentiment remained resilient, supported by a still robust labour market.

The portfolio manager continues to maintain a constructive view on equities. While equity markets fell during the third calendar quarter of 2023, the portfolio manager expects positive returns in the final quarter of the year as, historically, the fourth quarter is the seasonally strongest period for equities.

The pronounced market narrowness witnessed in the first half of 2023 somewhat eased during the third calendar quarter, primarily due to a substantial increase in U.S. real yields, which had a notable impact on AI/technology and long duration assets. While short-term rates now seem to be more reasonably priced, concerns persist regarding the sustainability of public debt, rising debt issuance and persistent core inflation, which may continue to keep interest rates elevated for an extended period. Consequently, the portfolio manager anticipates market leadership to continue to broaden in this environment and expects the Fund to benefit accordingly.

The portfolio manager is encouraged by the resilience of the U.S. economy, which has been underpinned by a faster-than-expected rebound in business investment and robust private consumption, driven by healthy household balance sheets and a tight labour market. However, the potential impact of higher for longer interest rates on the economy, a strong U.S. dollar, a potential government shutdown, the resumption of student loan repayments and a major auto strike are potential risks to the outlook. Leadership will begin to

broaden out. As market participation in the uptrend broadens, the portfolio manager expects the Fund to benefit accordingly.

## 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. 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 \$1,723,000 were incurred by the Fund during the period ended September 30, 2023.

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 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>19.90</b>	<b>16.90</b>	<b>25.01</b>	<b>25.00</b>	<b>25.00*</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.94	0.12	0.01	0.33	-
Total expenses	(0.28)	(0.20)	(0.18)	(0.29)	-
Realized gains (losses)	(0.52)	1.10	(5.56)	4.60	-
Unrealized gains (losses)	(0.35)	2.68	(1.16)	(2.73)	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.21)</b>	<b>3.70</b>	<b>(6.89)</b>	<b>1.91</b>	<b>-</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.42)	-	(1.11)	-	-
From dividends	(0.18)	-	(0.16)	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.60)</b>	<b>-</b>	<b>(1.27)</b>	<b>-</b>	<b>-</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>18.88</b>	<b>19.90</b>	<b>16.90</b>	<b>25.01</b>	<b>25.00</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)	389,013	300,470	168,988	238,886	1
Number of units outstanding (000's)	20,600	15,100	10,000	9,550	1
Management expense ratio <sup>(5)</sup>	0.55%	0.55%	0.55%	0.55%	-
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.55%	0.55%	0.55%	0.55%	-
Trading expense ratio <sup>(7)</sup>	2.15%	1.22%	0.53%	0.94%	-
Portfolio turnover rate <sup>(8)</sup>	215.83%	242.46%	93.99%	271.03%	-
Net Asset Value per unit	18.88	19.90	16.90	25.01	25.00
Closing market price <sup>(9)</sup>	18.88	19.79	16.92	25.01	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. 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 2019, 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, short borrowing costs, interest on leverage and 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 0.55%, 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 incurred in connection with the short selling of securities (if applicable), costs incurred in connection with cash borrowings (if applicable), costs associated with the use of derivatives, 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.

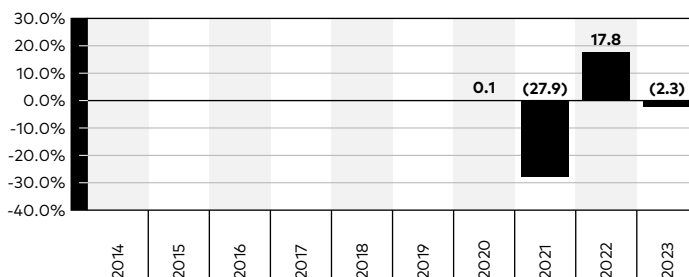
## Past Performance\*

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.

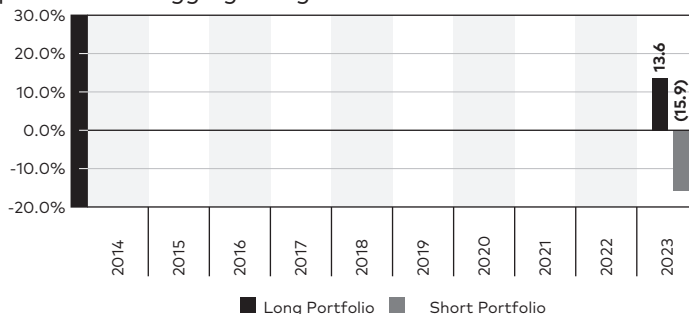
### Year-By-Year Returns

The following bar chart shows the Fund's annual performance for each of the past 10 years to September 30, 2023 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 2020 represents returns for the period from October 7, 2019 to September 30, 2020.

The following bar chart illustrates the performance of the Fund's long and short portfolios for each of the past 10 years to September 30, 2023 as applicable. The long performance aggregates gross returns of all long securities, foreign exchange forward contracts, short sale proceeds, Treasury bills posted as collateral and other cash and cash equivalents, less all fees and expenses. The short performance aggregates gross returns of all short securities.



## 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	(2.3)	(6.0)	N/A	N/A	(4.6)
Long Portfolio	13.6	5.1	N/A	N/A	3.1
Short Portfolio	(15.9)	(11.1)	N/A	N/A	(7.7)
Dow Jones U.S. Thematic Market Neutral Low Beta Index (CAD-Hedged)	(6.2)	(6.3)	N/A	N/A	(4.5)

The Dow Jones U.S. Thematic Market Neutral Low Beta Index (CAD-Hedged) is designed to measure the performance of a long/short strategy utilizing long positions in low beta companies and short positions in high beta companies. This is a variation hedged to Canadian dollars.

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.

\* 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. ETFs are not guaranteed, their values change frequently and past performance may not be repeated.

## 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 Fund holds long and short positions in total return swaps to obtain exposure to the Dow Jones U.S. Low Beta Index and Dow Jones U.S. High Beta Index. The Portfolio by Sector table below includes a look-through of the swaps as the Fund has indirect exposure to the sectors of the indices through the use of these derivatives.

Portfolio by Country	Percentage of Net Asset Value (%)
<b>Long Positions:</b>	
Cash & Cash Equivalents	82.5
United States	76.4
Canada	0.3
Foreign Exchange Forward Contracts	(0.6)
Other Net Assets (Liabilities)	0.3
<b>Short Positions:</b>	
United States	(58.9)

Portfolio by Sector	Percentage of Net Asset Value (%)
<b>Long Positions:</b>	
Cash & Cash Equivalents	82.5
Short-Term Investments	15.2
Industrials	15.0
Financials	14.8
Information Technology	12.5
Health Care	11.2
Consumer Discretionary	10.8
Real Estate	5.7
Materials	5.1
Utilities	4.6
Consumer Staples	4.5
Communication Services	4.2
Energy	3.4
Foreign Exchange Forward Contracts	(0.6)
Cash Leg of Swap	(2.1)
Other Net Assets (Liabilities)	0.3
<b>Short Positions:</b>	
Industrials	(14.1)
Financials	(14.0)
Information Technology	(12.7)
Consumer Discretionary	(10.7)
Health Care	(9.6)
Real Estate	(5.5)
Materials	(5.0)
Consumer Staples	(4.5)
Utilities	(4.2)
Communication Services	(3.6)
Energy	(3.2)

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
<b>Long Positions:</b>	
Cash & Cash Equivalents	82.5
United States Equity	61.8
Short-Term Investments	15.2
Canadian Equity	0.3
Foreign Exchange Forward Contracts	(0.6)
Swaps - Long	(0.6)
Other Net Assets (Liabilities)	0.3
<b>Short Positions:</b>	
United States Equity	(59.1)
Swaps - Short	0.2

Portfolio by Credit Rating**	Percentage of Net Asset Value (%)
AA	14.6
A	82.1

\*\* 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.



# AGF US Market Neutral Anti-Beta CAD-Hedged ETF

SEPTEMBER 30, 2023

Top Holdings	Percentage of Net Asset Value (%)
<b>Long Positions:</b>	
Cash & Cash Equivalents	82.5
U.S. Treasury**	15.2
White Mountains Insurance Group Limited	0.4
CF Industries Holdings Inc.	0.4
Nutanix Inc.	0.4
AutoZone Inc.	0.4
Jabil Inc.	0.4
UnitedHealth Group Inc.	0.4
Ciena Corporation	0.4
Vistra Corporation	0.4
Aspen Technology Inc.	0.4
Humana Inc.	0.3
Marathon Petroleum Corporation	0.3
Omega Healthcare Investors Inc.	0.3
Amgen Inc.	0.3
H&R Block Inc.	0.3
HealthEquity Inc.	0.3
Gartner Inc.	0.3
Ulta Beauty Inc.	0.3
Murphy USA Inc.	0.3
Arch Capital Group Limited	0.3
T-Mobile USA Inc.	0.3
RenaissanceRe Holdings Limited	0.3
The Progressive Corporation	0.3
Neurocrine Biosciences Inc.	0.3
<b>Subtotal</b>	<b>105.5</b>
<b>Short Positions:</b>	
Elastic NV	(0.4)
Splunk Inc.	(0.4)
Rivian Automotive Inc.	(0.4)
Affirm Holdings Inc.	(0.4)
Blue Owl Capital Inc.	(0.4)
UiPath Inc.	(0.4)
Okta Inc.	(0.4)
United States Steel Corporation	(0.3)
Blackstone Inc.	(0.3)
The Boston Beer Company Inc.	(0.3)
Zscaler Inc.	(0.3)
Apollo Global Management Inc.	(0.3)
Airbnb Inc.	(0.3)
Roblox Corporation	(0.3)
XPO Inc.	(0.3)
Cleveland-Cliffs Inc.	(0.3)
Sprouts Farmers Market Inc.	(0.3)
SiteOne Landscape Supply Inc.	(0.3)
Jefferies Financial Group Inc.	(0.3)
Halliburton Company	(0.3)
DraftKings Inc.	(0.3)
The Trade Desk Inc.	(0.3)
Ares Management Corporation	(0.3)
Costco Wholesale Corporation	(0.3)
Celanese Corporation	(0.3)
<b>Subtotal</b>	<b>(8.2)</b>
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 389,013</b>

\*\* Debt Instruments



For more information contact your investment advisor or:

**AGF Investments Inc.**

CIBC SQUARE, Tower One  
81 Bay Street, Suite 3900  
Toronto, Ontario M5J 0G1  
Toll Free: (800) 387-2563  
Web: AGF.com

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