

Annual Management Report of Fund Performance

# AGF Systematic International Equity 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 Systematic International Equity ETF (formerly, AGFiQ International Equity ETF) (the "Fund") is to provide long-term capital appreciation with reduced volatility, over a full market cycle, by investing primarily in equity securities of issuers in Europe, Australasia and the Far East. AGF Investments Inc. ("AGFI"), as portfolio manager, uses a quantitative model to evaluate international securities of large and mid-capitalization issuers, in order to construct a portfolio that aims to balance portfolio volatility and return. The quantitative model evaluates international securities based on factors that may include growth, value, quality, risk and other characteristics. Although the Fund's investments are selected based on the output of a quantitative model, the portfolio incorporates constraints/controls (in relation to country, industry, group, sector and individual security concentrations) that are designed to foster portfolio diversification, liquidity and risk mitigation. An environmental, social and governance ("ESG") negative screening approach is also applied to determine the lowest ranked securities, which is factored into the portfolio construction process. If and where necessary, to gain exposure to global markets, the Fund may invest in a wide array of exchange traded funds ("ETFs"), including regional, country, market capitalization and/or sector based ETFs. The portfolio asset allocation is reconstituted and rebalanced on a monthly basis but has the latitude to rebalance on an ad hoc basis should market conditions dictate. During periods of market downturn or for other reasons, a significant portion of the Fund's assets may be held in cash or fixed income securities.

### 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 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 20.0% (net of expenses) while the MSCI EAFE Net Index returned 23.5%.

The Fund under-performed the MSCI EAFE Net Index due to security selection and sectoral allocation decisions. The Information Technology sector detracted from results the most, owing to adverse stock selection. The Consumer Staples sector also detracted due to negative stock choices, which was partially offset by a favorable underweight allocation to the sector. On the contrary, the Materials sector contributed to results the most owing to positive stock selection, as did the Energy sector due to favorable security choices. From a country perspective, the Fund's underweight allocation to the UK and Japan detracted the most from performance, while its overweight exposure to France and underweight allocation associated with positive stock selection in Hong Kong contributed.

The Fund had net redemptions of approximately \$3 million for the current period, as compared to net redemptions of approximately \$23 million in the prior period. Rebalancing by fund on fund programs resulted in net redemptions of approximately \$13 million in the Fund. The portfolio manager does not believe that redemption activity had a meaningful impact on the Fund's performance or the ability to implement its investment strategy.

### Recent Developments

The global economy proved more resilient than expected during the reporting period, even as the tightening of monetary policies worked its way through economies. Furthermore, Russia backed out of the Black Sea grain trade agreement in July 2023, reviving concerns about global food inflation. Inflation in Europe and the UK remained sticky through the reporting period. Global equities gained ground during the reporting period but also faced a year of volatility fueled by a high-stakes guessing game about global interest rates, China's faltering economic recovery, and a short-lived banking crisis that freshened memories of 2008. The Information Technology sector stood out for the better part of 2023, as the rise of artificial intelligence boosted investor sentiment and speculation was rife about the future of the technology.

In the U.S., despite expectations of a possible recession, the U.S. economy continued to grow at a 2.1% rate during the second calendar quarter of 2023. Early in the year, a short banking crisis in March where three mid-sized banks failed led to concerns of a far-reaching problem across the globe. Nevertheless, the regulators were quick to act and prevent possible global contagion. The U.S. Federal Reserve (the "Fed") hiked policy rates six times during the reporting period, with the Fed funds rate reaching 5.5% on its upper bound and above core inflation numbers at the time. However, in September 2023, Fed Chair Jerome Powell paused further rate hikes to take time to assess the lagged effects of rate hikes on the economy's productivity. Although,

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.

he also announced that the rates should be expected to remain elevated for the foreseeable future. Unemployment in the country rose to 3.8% in August 2023 from 3.5% in July 2023, the highest it has been since September 2022. U.S. equities (as measured by the S&P 500 Index) rallied during the reporting period. There were strong gains in the Information Technology, Communication Services and Energy sectors through the first half of 2023. Utilities stocks lagged the most during the reporting period, as did Real Estate. Value stocks out-performed growth stocks during the reporting period, while large capitalization stocks out-performed small capitalization stocks.

The Eurozone economy continued to grow marginally throughout 2023, though it contracted during the last calendar quarter of 2022. Even though inflation remained on a downward trend since the start of 2023, the European Central Bank ("ECB") continued to raise lending rates to reach a twenty-two year high of 4.5% in September 2023. The ECB also signaled that it is likely done tightening, as inflation has started to decline but rates are still expected to remain high for the foreseeable future. European equities, though, began a long rally towards the end of 2022, in the hopes that inflation had peaked in the region and in sync with the global equity upward trend. However, European equities lost momentum in July 2023, as the effects of the higher interest rates affected performance of almost all sectors, except Energy and Real Estate.

Emerging markets equities posted positive gains but underperformed developed markets equities during the reporting period. The first calendar quarter of 2023 was off to a strong start and continued to build on the recovery that began in the fourth calendar quarter of last year. However, this growth slowed in the second calendar quarter as new economic data demonstrated that China's economic recovery from zero-COVID policies was disappointing and below expectations. Additionally, uncertainty about the U.S. debt ceiling added to the gloom, albeit it was resolved in early June 2023. Additionally, the third calendar quarter of 2023 performance was affected by concerns that the strength of the U.S. economy would keep interest rates higher for a longer period of time, dampening risk appetite. This was compounded with persistent Chinese economic difficulties and concerns about the property industry.

The portfolio manager continues to have a constructive view on equities. Given that equity markets are forward-looking, the portfolio manager is not surprised that equities have returned to a more favourable environment, despite the myriad of risks including higher interest rates, persistent inflation and wage pressures, central bank actions as economic growth slows in most economies, China's slow recovery and natural resource security. Inflation could continue to prove more persistent than anticipated, with recent disruptions to energy and food markets still possible. While equity markets may see more volatility in remainder of 2023, the portfolio manager continues to expect positive returns in the year ahead.

The portfolio manager expects market performance will broaden, benefiting other sectors and industries, which is generally supportive of a healthier equity market environment. The portfolio manager still anticipates core inflation to remain more persistent, which could keep policy rates higher for longer. As such, the portfolio manager remains focused on high quality companies with strong competitive moats, solid management teams and clean balance sheets, which is likely to become increasingly important.

Effective January 27, 2023, the risk rating of the Fund was changed from "low to medium" to "medium". No material changes have been made to the investment objective, strategies or management of the Fund.

### 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. Effective January 27, 2023, 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 \$156,000 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>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	0.96	1.00	0.89	0.90	1.05
Total expenses	(0.43)	(0.32)	(0.29)	(0.30)	(0.34)
Realized gains (losses)	0.08	(0.40)	0.67	(1.17)	(2.31)
Unrealized gains (losses)	3.56	(5.33)	3.04	0.01	(1.17)
<b>Total increase (decrease) from operations<sup>(2)</sup></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	(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>(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>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	Sept 30, 2023	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020	Sept 30, 2019
Total Net Asset Value (\$000's)	48,692	47,657	85,525	111,783	48,231
Number of units outstanding (000's)	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%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.45%	0.45%	0.45%	0.45%	0.45%
Trading expense ratio <sup>(7)</sup>	0.62%	0.22%	0.17%	0.33%	0.42%
Portfolio turnover rate <sup>(8)</sup>	207.86%	54.23%	40.04%	58.97%	136.60%
Net Asset Value per unit	28.23	24.76	30.82	27.26	27.56
Closing market price <sup>(9)</sup>	28.16	24.61	30.62	27.22	27.57

### Explanatory Notes

- 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 January 2017, which represents the date upon which securities were first made available for purchase by investors.
- 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.
- 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.
- This is not a reconciliation of the beginning and ending Net Assets per unit.
- 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.
- 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.
- 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

(1), (2), (3), (4), (5), (6), (7), (8) and (9) see Explanatory Notes

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\*

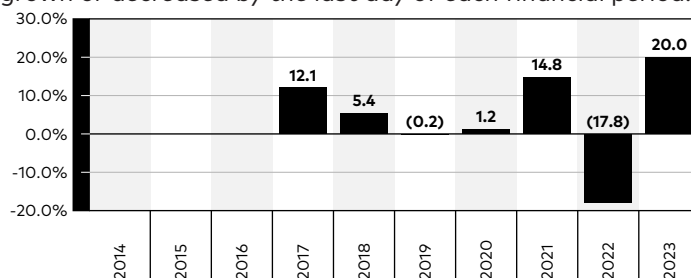
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. Note that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced 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.

\* 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.

## 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 2017 represents returns for the period from January 30, 2017 to September 30, 2017.

## 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	20.0	4.3	2.7	N/A	4.6
MSCI EAFE Net Index	23.5	6.5	4.3	N/A	5.8

The MSCI EAFE Net Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index, net of dividends, that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada.

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.

Portfolio by Country	Percentage of Net Asset Value (%)
Japan	23.7
United Kingdom	13.2
France	12.1
Switzerland	9.4
Germany	7.4
Australia	6.2
Sweden	4.4
Italy	2.9
Spain	2.8
Belgium	2.6
Netherlands	2.5
Singapore	2.3
Cash & Cash Equivalents	1.9
Denmark	1.8
Hong Kong	1.7
Norway	1.4
United States	1.3
Ireland	0.8
New Zealand	0.7
Austria	0.4
Other Net Assets (Liabilities)	0.5

Portfolio by Sector	Percentage of Net Asset Value (%)
Financials	20.6
Industrials	15.9
Consumer Discretionary	12.3
Health Care	10.5
Materials	10.1
Information Technology	7.1
Consumer Staples	6.8
Energy	5.7
Communication Services	5.6
Utilities	3.0
Cash & Cash Equivalents	1.9
Other Net Assets (Liabilities)	0.5

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
International Equity	96.3
Cash & Cash Equivalents	1.9
United States Equity	1.3
Other Net Assets (Liabilities)	0.5

Top Holdings	Percentage of Net Asset Value (%)
Nestle SA	2.0
BHP Group Limited	1.9
Cash & Cash Equivalents	1.9
Shell PLC	1.8
ASML Holding NV	1.7
AstraZeneca PLC	1.7
Sony Group Corporation	1.6
Siemens AG	1.5
GSK PLC	1.5
BNP Paribas SA	1.4
Novo Nordisk A/S	1.4
Toyota Motor Corporation	1.4
Mercedes-Benz Group AG	1.4
Stellantis NV	1.3
Takeda Pharmaceutical Company Limited	1.3
Safran SA	1.3
Honda Motor Company Limited	1.3
SoftBank Corporation	1.2
Oversea-Chinese Banking Corporation Limited	1.2
ABB Limited	1.2
Intesa Sanpaolo SpA	1.2
Eni SpA	1.2
DBS Group Holdings Limited	1.2
Holcim Limited	1.1
Deutsche Post AG	1.1
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 48,692</b>



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](http://AGF.com)

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).

® / TM The "AGF" logo and all associated trademarks are registered trademarks of AGF Management Limited and used under licence.