

Interim Management Report of Fund Performance

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

March 31, 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.

### Results of Operations

For the six months ended March 31, 2023, AGF US Market Neutral Anti-Beta CAD-Hedged ETF (formerly, AGFiQ US Market Neutral Anti-Beta CAD-Hedged ETF) (the "Fund") returned 1.0% (net of expenses) while the Dow Jones U.S. Thematic Market Neutral Low Beta Index (CAD-Hedged) (Net Return) returned -0.2%.

The Fund out-performed the Dow Jones U.S. Thematic Market Neutral Low Beta Index (CAD-Hedged) (Net Return). The Fund posted a positive return as low beta stocks out-performed high beta stocks through the reporting period. Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. More specifically, much of the Fund's positive performance can be attributed to the fourth calendar quarter of 2022, as low beta out-performed high beta. A portion of the positive performance was given back as high beta stocks healed slightly through the first calendar quarter of 2023. The Chicago Board Options Exchange Market Volatility Index fell by 31.5% during the reporting period from 31.6 to 21.7.

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 securities sold short; and (iii) the aggregate notional value of specified derivatives positions excluding any specified derivatives used for hedging purposes. During the six months ended March 31, 2023, the Fund's leverage position ranged from 114.0% to 186.4% of the Fund's Net Asset Value. The primary sources of leverage were securities sold short and short positions in total return swaps. The Fund commenced short selling in December 2022. The Fund borrows securities from a broker to complete the short sales and in exchange incur securities borrowing fees.

The Fund entered into foreign exchange forward contracts during the period under review. As of March 31, 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 \$63 million for the current period, as compared to net subscriptions of approximately \$56 million in the prior period. Rebalancing by

an institutional program resulted in net subscriptions of approximately \$16 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

Equities rallied strongly during the reporting period as major announcements around the globe spurred on markets. However, despite these late gains, 2022 was the worst calendar year for equities since the Global Financial Crisis. China's long-awaited economic rebound helped the global economic outlook somewhat after the country abandoned its much-debated zero COVID-19 policy. As Russia's invasion of Ukraine passed the one-year mark, NATO member nations pledged their unwavering support to Ukraine to continue the fight against the Kremlin. The monetary tightening cycle by the U.S. Federal Reserve (the "Fed") and the European Central Bank continued through the period, albeit at a slower pace, in an effort to balance growth with persistent inflation. The U.S. dollar fell through the reporting period and Fed Chairman Jerome Powell cautioned that taming inflation might take longer than previously thought.

The U.S. economy had a good start to the last calendar quarter of 2022. The U.S. economy grew 2.6% in the last calendar quarter of 2022, fueled by an increase in inventory investment and consumer spending, partly offset by a decline in housing investment. New job numbers continued to largely beat expectations through the reporting period. However, this became a concern for the Fed as it signaled inflationary economic growth despite the interest rate hikes. Inflation fell to 6.0% year on year in February 2023, the lowest since September 2021. The Fed raised the federal funds rate by 0.25% to a range of 4.75% to 5.00% in March 2023, pushing borrowing costs to the highest since 2007. Previously, the Fed hiked rates by 0.75%, 0.50% and 0.25% in November 2022, December 2022 and February 2023, respectively. The Fed also confirmed that it would continue to allow up to US\$60 billion in treasury securities and US\$35 billion in agency mortgage-backed securities to mature and roll off its more than US\$8.5 trillion balance sheet every month. Unemployment remained at a low level of 3.6% during the reporting period, indicating a continued tight labour market. The banking crisis in March 2023 cast a shadow on an otherwise strong six months for the market. The talks of a recession gathered pace as the collapse of two major banks took a toll on sentiment. In a positive development, U.S. authorities took measures such as guaranteeing all deposits for the troubled banks, including those exceeding the Federal Deposit Insurance Corporation limit, and setting up a new lending facility for banks to borrow against collateral at par for up to a year.

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.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.

U.S. equity markets increased throughout the reporting period on the back of economic data published since the beginning of the year suggesting expansion in the U.S. economy. Until the end of December 2022, the Energy, Industrials and Materials sectors were the strongest performing sectors, while the Consumer Discretionary and Communication Services sectors lagged. Value outperformed growth during the reporting period, while large capitalization outperformed small capitalization. During the first calendar quarter of 2023, investor sentiment grew stronger as industrial activity improved. However, by the end of February 2023, equities had suffered a bit, with consumer price index numbers climbing 0.5% and the expected gross domestic product growth for the last calendar quarter of 2022 undergoing a downward revision.

The portfolio manager has a constructive view on U.S. equities. The U.S. economy, particularly labour markets, held up surprisingly well in the face of higher interest rates. The portfolio manager is anticipating the return of a more favourable environment for equity investors, with positive returns expected in the year ahead. The last 12 months have demonstrated that volatility is alive and well for both downside and upside moves. Given all the uncertainty related to inflation rates, Fed interest rate policy, economic growth prospects and geopolitical developments, the portfolio manager expects volatility to continue into 2023. Volatility is part of the landscape for equity investors, and even with this reality, the annual market return has generally been favourable, with approximately 75.0% of the past 85 calendar years showing a positive return.

Although there is a chance of a recession in 2023, the portfolio manager believes that inflation data will continue to cool off, allowing for an optimistic narrative to emerge for the Fed to begin moderating (and eventually pausing) its rate hiking posture. Companies have healthier balance sheets as compared to 2008, with many that have refinanced their loans at a fixed long-term interest rate. If a recession were to occur, the portfolio manager believes that it will be shallow and mild, given the absence of structural imbalances in the economy.

## 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 \$822,000 were incurred by the Fund during the six months ended March 31, 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 six months ended March 31, 2023 and the past five years as applicable.

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

For the periods ended	Mar 31, 2023 (\$)	Sept 30, 2022 (\$)	Sept 30, 2021 (\$)	Sept 30, 2020 (\$)	Sept 30, 2019 (\$)	Sept 30, 2018 (\$)
<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	0.42	0.12	0.01	0.33	-	-
Total expenses	(0.15)	(0.20)	(0.18)	(0.29)	-	-
Realized gains (losses)	0.12	1.10	(5.56)	4.60	-	-
Unrealized gains (losses)	(0.05)	2.68	(1.16)	(2.73)	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.34</b>	<b>3.70</b>	<b>(6.89)</b>	<b>1.91</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>(1.27)</b>	-	-	-
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>19.52</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	Mar 31, 2023	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020	Sept 30, 2019	Sept 30, 2018
Total Net Asset Value (\$'000's)	359,217	300,470	168,988	238,886	1	-
Number of units outstanding ('000's)	18,400	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>	2.47%	1.22%	0.53%	0.94%	-	-
Portfolio turnover rate <sup>(8)</sup>	171.48%	242.46%	93.99%	271.03%	-	-
Net Asset Value per unit	19.52	19.90	16.90	25.01	25.00	-
Closing market price <sup>(9)</sup>	19.54	19.79	16.92	25.01	N/A	-

### Explanatory Notes

(1) a) This information is derived from the Fund's audited annual financial statements and unaudited interim financial statements. Under International Financial Reporting Standards ("IFRS"), investments that are traded in an active market are generally valued at closing price, which is determined to be within the bid-ask spread and most representative of fair value. As a result, there is no difference between the net assets per unit presented in the financial statements ("Net Assets") and the net asset value per unit calculated for fund pricing purposes ("Net Asset Value").

b) The Fund commenced operations in October 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,

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

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.

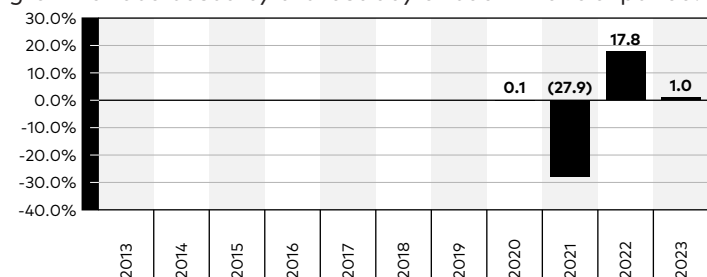
## Past Performance\*

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.

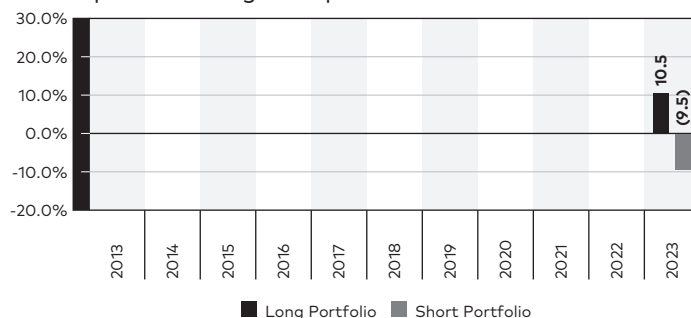
### Year-By-Year Returns

The following bar chart shows the Fund's annual performance for each of the past 10 years to September 30, 2022 (interim performance for the six months ended March 31, 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, 2022 (interim performance for the six months ended March 31, 2023) as applicable. The long performance aggregates all long securities and long exposure through swaps, foreign exchange forward contracts, short sale proceeds, short-term investments and other cash and cash equivalents, less all fees and expenses. The short performance aggregates all short securities and short exposure through swaps.



## Summary of Investment Portfolio

As at March 31, 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 June 30, 2023.

The Fund holds long and short positions in total return swaps to obtain exposure to the Dow Jones U.S. Thematic Market Neutral Low 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 index through the use of these derivatives.

Portfolio by Country	Percentage of Net Asset Value (%)
<b>Long Positions:</b>	
United States	85.8
Cash & Cash Equivalents	77.6
Foreign Exchange Forward Contracts	1.0
Canada	0.2
Other Net Assets (Liabilities)	(0.1)
<b>Short Positions:</b>	
United States	(64.1)
Australia	(0.4)

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

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

MARCH 31, 2023

Portfolio by Sector	Percentage of Net Asset Value (%)
<b>Long Positions:</b>	
Cash & Cash Equivalents	77.6
Short-Term Investments	18.3
Industrials	16.0
Financials	14.0
Information Technology	12.7
Health Care	11.7
Consumer Discretionary	11.4
Real Estate	6.1
Consumer Staples	5.4
Materials	5.3
Utilities	4.9
Communication Services	4.4
Energy	3.3
Foreign Exchange Forward Contracts	1.0
Cash Leg of Swap	0.0
Other Net Assets (Liabilities)	(0.1)
<b>Short Positions:</b>	
Information Technology	(14.0)
Industrials	(13.7)
Financials	(12.7)
Health Care	(11.9)
Consumer Discretionary	(11.4)
Real Estate	(6.1)
Consumer Staples	(4.9)
Materials	(4.9)
Utilities	(4.9)
Communication Services	(4.3)
Energy	(3.2)

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
<b>Long Positions:</b>	
Cash & Cash Equivalents	77.6
United States Equity	67.5
Short-Term Investments	18.3
Foreign Exchange Forward Contracts	1.0
Canadian Equity	0.2
Swaps – Long	0.0
Other Net Assets (Liabilities)	(0.1)
<b>Short Positions:</b>	
United States Equity	(64.4)
International Equity	(0.4)
Swaps – Short	0.3

Portfolio by Credit Rating**	Percentage of Net Asset Value (%)
AAA	18.3
AA	1.0
A	77.9

Top Holdings	Percentage of Net Asset Value (%)
<b>Long Positions:</b>	
Cash & Cash Equivalents	77.6
U.S. Treasury**	18.3
First Solar Inc.	0.5
Seagen Inc.	0.4
Motorola Solutions Inc.	0.4
Vertex Pharmaceuticals Inc.	0.4
Activision Blizzard Inc.	0.4
Newmont Corporation	0.4
Waste Management Inc.	0.4
Electronic Arts Inc.	0.4
FTI Consulting Inc.	0.4
White Mountains Insurance Group Limited	0.4
Juniper Networks Inc.	0.4
Take-Two Interactive Software Inc.	0.4
Ulta Beauty Inc.	0.4
Royal Gold Inc.	0.4
The Southern Company	0.4
Clean Harbors Inc.	0.4
Marathon Petroleum Corporation	0.4
Chemed Corporation	0.4
The JM Smucker Company	0.4
Cisco Systems Inc.	0.4
Rollins Inc.	0.4
Amgen Inc.	0.4
Valero Energy Corporation	0.4
<b>Subtotal</b>	<b>105.2</b>
<b>Short Positions:</b>	
Asana Inc.	(0.5)
Advanced Micro Devices Inc.	(0.4)
Roblox Corporation	(0.4)
Okta Inc.	(0.4)
Axon Enterprise Inc.	(0.4)
Natera Inc.	(0.4)
10X Genomics Inc.	(0.4)
Shockwave Medical Inc.	(0.4)
MSCI Inc.	(0.4)
MongoDB Inc.	(0.4)
DoorDash Inc.	(0.4)
Illumina Inc.	(0.4)
NVIDIA Corporation	(0.4)
Lattice Semiconductor Corporation	(0.4)
Sprouts Farmers Market Inc.	(0.4)
Moderna Inc.	(0.4)
PVH Corporation	(0.4)
Netflix Inc.	(0.4)
Builders FirstSource Inc.	(0.4)
Snap Inc.	(0.4)
Exact Sciences Corporation	(0.4)
Oak Street Health Inc.	(0.4)
Applied Materials Inc.	(0.4)
The Trade Desk Inc.	(0.4)
Smartsheet Inc.	(0.4)
<b>Subtotal</b>	<b>(10.1)</b>
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 359,217</b>

\*\* 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.

\*\* 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](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.