

## Forstrong Emerging Markets Equity ETF

# Interim Management Report of Fund Performance

The interim Management Report of Fund Performance for Forstrong Emerging Markets Equity ETF contains financial highlights but does not contain either 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 1-888-419-6715, by writing to us at Suite 203 – 1180 Sunset Drive, Kelowna, British Columbia V1Y 9W6 or by visiting our website at [www.forstrongetfs.com](http://www.forstrongetfs.com) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Unitholders may also contact us using one of these methods to request a copy of the fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

This report may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent certain beliefs regarding future events. By their nature, forward-looking statements involve assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers of this document are cautioned not to place undue reliance on any forward-looking statements contained in this report as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the fund may invest and the risks detailed from time to time in the fund's prospectus. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Because of the potential impact of these factors, Forstrong Global Asset Management Inc. does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

## Management Discussion of Fund Performance

Forstrong Global Asset Management Inc. (“Forstrong”) is pleased to provide you with the Management Report of Fund Performance (“MRFP”) for the Forstrong Emerging Markets Equity ETF (the “Fund”) for the period ended June 30, 2024

### Investment Objectives and Strategies

The Fund aims to achieve long-term capital growth by primarily investing, directly or indirectly, in a diversified mix of emerging markets exchange traded funds (“ETFs”). The Fund is authorized to issue an unlimited number of units issuable in an unlimited number of classes. Two classes are currently active. ETF units (Class C) are available for all investors, which trade on the Toronto Stock Exchange under the symbol FEME. Mutual Fund Units (Class O) are for investors who are participants in a fee-for-service or wrap account program sponsored by certain registered dealers.

To achieve the Fund’s investment objective, the portfolio manager will utilize an active country, sector and thematic selection process designed to capitalize on the higher volatility and variability of returns typically available in emerging markets; will seek to profit from the growth opportunities in the developing world, focusing on countries believed to be embracing structural reform and showing improvements in corporate governance, transparency and liquidity; and will utilize a proprietary emerging markets country allocation model, comprised of long, medium and short-term factors critical to relative performance. In addition, the manager will employ a proprietary emerging markets risk analysis framework to inform the active strategy cash weighting.

For a complete discussion of the Fund’s investment objective and strategies, please refer to the Fund’s most recently filed simplified prospectus.

### Risk

The risks of investing in the Fund are disclosed in the Fund’s most recently filed simplified prospectus and there have been no significant changes during the period that have affected the overall level of risk associated with the Fund.

### Results of Operations

Changes to net asset mix were muted during the period. Material trades made during the period included trimming Chinese equity positions and adding to positions in South Korean and Indian equities in early-March. The Manager viewed the improvement in Chinese economic data in the first quarter of 2024 as not strong enough to become self-reinforcing, while South Korean and Indian equity earnings were expected to both be well supported.

Global stocks performed well in the first quarter of 2024, with the MSCI All-Country World Index rising approximately 11% in Canadian dollar terms. Strong economic data in the US and forecasts for the widespread adoption of artificial intelligence continued to spur the equity bull market. The US financial services and energy sectors had very strong quarters as well. In contrast to stocks, aggregate bond index returns were a minor negative in Q1, as the robust US economic data, especially from the labour market, pushed out the likelihood of a cut in short-term interest rates from the Federal Reserve.

The second quarter of 2024 produced mixed results for global asset classes. Most major stock markets continued their run of strong performance. AI-related exposures led the way, as the information technology and communications sectors sharply outpaced the rest of the market. Bonds languished, particularly longer-term debt, as sticky inflation and constructive economic data put modest upwards pressure on yields.

The portfolio was positioned for a strong economic and equity environment and generated positive absolute returns during the first six months of 2024. A position in Taiwanese equities performed strongly, as semiconductor fabrication demand surged. A position in Indian equities also outperformed.

Overweight positioning in industrial metals exporting nations in Latin America struggled to gain footing as iron ore prices plummeted as stockpiles amassed rapidly in Chinese ports. A position in Brazilian equities was hit particularly hard, as the Brazilian real fell sharply on fiscal profligacy concerns and narrowing interest rate differentials. Chinese equity positions underperformed as consumer and business confidence remain in a rut and supportive monetary and fiscal policy measures have underwhelmed investors.

The Fund's net asset value increased from \$967,854 at December 31, 2023 to \$1,520,438 million at June 30, 2023. This change in net asset value represents an increase of \$528,523 due to net subscriptions to the Fund and \$24,061 due to investment operations less distributions paid.

### Distributions

For the period from January 1, 2024, to June 30, 2024, there were no distributions paid to unitholders.

### Income and Expenses

From January 1, 2024, to June 30, 2024, the Fund generated net investment income from investments of \$38,728. The Fund incurred management, operating and transaction expenses of \$65,240 of which \$50,573 was either paid or absorbed by Forstrong on behalf of the Fund.

### Recent Developments

At the beginning of 2024, the positioning in cash and fixed income had become crowded and vulnerable to a sharp reversal. This set the stage for strong equity market performance, as US economic growth continued to surge, and global trade showed signs of revival over the first half of the year. However, despite continued signs of economic strength and more entrenched inflation, many investors remained anchored to the past decade, forecasting a return to slow growth and low inflation.

The investment team maintained its conviction that a new investment cycle is unfolding, led by productive assets in the real economy and underpinned by the unwinding of extreme risk aversion. In line with that view, heading into the second half of the year, positioning remains light on mega-cap technology-related exposures and overweight pro-cyclical positions that benefit from a rotation into the broader stock market.

To be sure, enormous risks still exist and are being monitored. But the bigger picture is that many investors are not yet positioned for a transitioning world economy, still clinging to the apparent twin comforts of fixed income and US mega-caps. This is not expected to last. That means huge volatility and price swings beyond surface-level fluctuations as the cycle matures.

### Related Party Transactions

Related party transactions consist of services provided by Forstrong pursuant to a management agreement. Please refer to the "Management Fee" section below.

Forstrong is the manager, portfolio manager and trustee of the Fund, and Forstrong is deemed to be a related party.

**Independent Review Committee**

The manager has appointed an Independent Review Committee (“IRC”) as required by National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“NI 81-107”). The manager is required to comply with the policies and procedures presented to the IRC with respect to various potential conflicts of interest and to provide periodic reports to the IRC in accordance with NI 81-107.

Fees paid to the IRC are considered to be payments made to a related party of the Fund. IRC members receive fees and reimbursement of expenses for services provided to the Fund managed by Forstrong and such costs are allocated among all the Funds on a fair and reasonable basis.

## 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 period ended June 30, 2024.

<b>Class C - The Fund's Net Assets per Unit</b>			
	<b>June 30, 2024</b>		<b>December 31, 2023</b>
<b>Net Assets, beginning of period<sup>1</sup></b>	\$	19.25	\$ -
<b>Increase (decrease) from operations:</b>			
Total revenue	\$	0.36	\$ 0.40
Total expenses (excluding distributions)		(0.20)	(0.15)
Realized gains (losses) for the period		(0.06)	(0.41)
Unrealized gains (losses) for the period		0.33	(0.59)
<b>Total increase (decrease) from operations<sup>2</sup></b>	\$	0.43	\$ (0.75)
<b>Distributions:</b>			
From income (excluding dividends)	\$	-	\$ -
From dividends		-	-
From capital gains		-	-
Return of capital		-	-
<b>Total Distributions<sup>3</sup></b>	\$	-	\$ -
<b>Net Assets, end of period<sup>1</sup></b>	\$	20.20	\$ 19.25

<b>Class O - The Fund's Net Assets per Unit</b>			
	<b>June 30, 2024</b>		<b>December 31, 2023</b>
<b>Net Assets, beginning of period<sup>1</sup></b>	\$	20.62	\$ -
<b>Increase (decrease) from operations:</b>			
Total revenue	\$	0.30	\$ 0.36
Total expenses (excluding distributions)		(0.21)	(0.10)
Realized gains (losses) for the period		(0.1)	(0.3)
Unrealized gains (losses) for the period		1.00	0.69
<b>Total increase (decrease) from operations<sup>2</sup></b>	\$	1.01	\$ 0.62
<b>Distributions:</b>			
From income (excluding dividends)	\$	-	\$ -
From dividends		-	-
From capital gains		-	-
Return of capital		-	-
<b>Total Distributions<sup>3</sup></b>	\$	-	\$ -
<b>Net Assets, end of period<sup>1</sup></b>	\$	21.63	\$ 20.62

1. This information is derived from the Fund's audited annual financial statements. Period ended June 30, 2024.
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 or reinvested in additional shares of the Fund.

**Class C - Ratios and Supplemental Data**

	<b>June 30, 2024</b>		<b>December 31, 2023</b>	
Total Net Asset Value <sup>4</sup>	\$	1,515,031	\$	962,700
Number of Units Outstanding <sup>4</sup>		75,000		50,000
Management Expense Ratio <sup>5</sup>		1.99%		1.97%
Management Expense Ratio before waivers or absorptions		11.15%		19.48%
Trading Expense Ratio <sup>6</sup>		0.02%		0.08%
Portfolio Turnover Rate <sup>7</sup>		10.09%		31.06%
Net Asset Value per Unit	\$	20.20	\$	19.25
Closing Market Price	\$	20.47	\$	19.00

**Class O - Ratios and Supplemental Data**

	<b>June 30, 2024</b>		<b>December 31, 2023</b>	
Total Net Asset Value <sup>4</sup>	\$	5,407	\$	5,154
Number of Units Outstanding <sup>4</sup>		250		250
Management Expense Ratio <sup>5</sup>		2.01%		2.00%
Management Expense Ratio before waivers or absorptions		9.93%		18.41%
Trading Expense Ratio <sup>6</sup>		0.02%		0.08%
Portfolio Turnover Rate <sup>7</sup>		10.09%		31.06%
Net Asset Value per Unit	\$	21.63	\$	20.62

4. This information is provided as at June 30, 2024.
5. Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
6. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
7. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate 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 portfolio turnover rate 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.

**Management Fees**

The management fees are calculated based on 0.70% per annum of the average daily net asset value of the Class C Units, and maximum 0.70% of the Class O Units (negotiated and paid directly by the unitholder). The fees are accrued daily and are generally paid monthly.

For the period ended June 30, 2024, directly and indirectly, \$3,828 (excluding GST and HST in the amount of \$498) in total annual fees. The breakdown of the services received in consideration of the management fees, as a percentage of management fees, is as follows:

	<b>Portfolio Advisory</b>	<b>Trailing Commissions</b>	<b>Sales Commissions</b>
Class C Units	\$ 3,828	nil	nil
Class O Units	nil	nil	nil

## Past Performance

In accordance with National Instrument 81-106 – *Investment Fund Continuous Disclosure*, “PAST PERFORMANCE” disclosure consisting of “Year-by-Year Returns” and “Annual Compound Returns” is not required if a Fund has been a reporting issuer for less than a year.

The Fund has been in existence for less than a year thus the “PAST PERFORMANCE” disclosure is not presented.

## Summary of Investment Portfolio

As at June 30, 2024

### TOP HOLDINGS AND PORTFOLIO ALLOCATION

<b>Position and Geographical Allocation</b>	<b>% of Net Asset Value</b>
WisdomTree Emerging Markets High Dividend Fund	19.58
Franklin FTSE India ETF	10.44
KraneShares CSI China Internet ETF	9.46
Franklin FTSE South Korea ETF	9.36
Franklin FTSE Brazil ETF	8.35
Franklin FTSE Taiwan ETF	8.20
KraneShares Boserá MSCI China A 50 Connect Index ETF	7.25
iShares MSCI China ETF	7.22
iShares MSCI Chile ETF	7.05
Global X MSCI Colombia ETF	4.67
VanEck Vietnam ETF	4.35
Cash and Cash Equivalents	2.21
Other Assets, Less Liabilities (Net)	1.86
<b>Total</b>	<b>100.00</b>
<b>Total Net Asset Value</b>	<b>\$ 1,520,438</b>

The Fund held no direct short positions at the end of the period.

For investments in other investment funds, their prospectus and other information is available on the investment fund's designated website and at [www.sedarplus.ca](http://www.sedarplus.ca).

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available.



## Fund Information

### Manager and Trustee

**Forstrong Global Asset Management Inc.**

1180 Sunset Drive, Suite 203

Kelowna, BC, V1Y 9W6

Tel: 1-888-419-6715

[www.forstrongetfs.com](http://www.forstrongetfs.com)

### Auditor

**KPMG LLP**

333 Bay Street, Suite 4600

Toronto, ON M5H 2S5

### Custodian

**CIBC Mellon Trust Company**

1 York Street, Suite 700

Toronto, ON M5J 0B6

### Registrar and Transfer Agent

**TSX Trust Company**

100 Adelaide Street West, Suite 301

Toronto, ON M5H 4H1

### Unitholder and Recordkeeping

**CIBC Mellon Global Securities Company**

1 York Street, Suite 700

Toronto, ON M5J 0B6

### Toronto Stock Exchange Listing

**Ticker Symbol: FEME**

### Independent Review Committee

**Paul Manias**

Chair of the Independent Review Committee

**Melanie A. Ward**

Member of the Independent Review Committee

**Sky Schapiro**

Member of the Independent Review Committee

### Officers and Directors

**Philip Armstrong**

Chairman

**Tyler Mordy**

Chief Executive Officer & Chief Investment  
Officer

**James Garcelon**

President & Chief Compliance Officer