

Semi-Annual Financial Statements of

**FORSTRONG GLOBAL  
GROWTH ETF**

As at June 30, 2024 (Unaudited)

## MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements have been prepared by Forstrong Global Asset Management Inc. ("Forstrong") as manager of the Fund. The Board of Directors of Forstrong is responsible for reviewing and approving these financial statements.

We are responsible for the information contained within the financial statements. We have maintained appropriate procedures to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in compliance with IFRS Accounting Standards (and they include certain amounts that are based on estimates and judgments). The material accounting policy information, which we believe is appropriate for the Fund, is described in Note 3 to the financial statements.

*"Tyler Mordy"*

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Tyler Mordy  
CEO & CIO  
Forstrong Global Asset Management Inc.  
August 29, 2024

*"James Garcelon"*

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James Garcelon  
President, CCO  
Forstrong Global Asset Management Inc.  
August 29, 2024

### **The Auditor of the fund has not reviewed these Financial Statements.**

Forstrong Global Asset Management Inc., the Manager of the fund, appoints an independent auditor to audit the Fund's annual financial statements.

The Fund's independent auditor has not performed a review of these interim financial statements in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditors.

# FORSTRONG GLOBAL GROWTH ETF

## Statement of Financial Position

As at June 30, 2024 (Unaudited) with comparative information for 2023

**As at**

	June 30, 2024	December 31, 2023
<b>Assets</b>		
Cash	\$ 43,582	\$ 12,081
Dividends receivable	2,432	1,435
Other receivables	112,776	66,142
Receivable for investments sold	2,553	232
Investments, at fair value (cost - \$2,472,439; 2023 - \$976,590) (note 11)	2,573,181	999,826
	<b>2,734,524</b>	<b>1,079,716</b>
<b>Liabilities</b>		
Accrued expenses	90,321	59,987
Accrued management fees (note 7)	1,862	1,194
Payable for investments purchased	2,554	233
Distributions payable	–	13,590
	<b>94,737</b>	<b>75,004</b>
Net assets attributable to holders of redeemable units	\$ 2,639,787	\$ 1,004,712
Net assets attributable to holders of redeemable units per class:		
Class C	\$ 2,634,179	\$ 999,393
Class O	5,608	5,319
Number of units outstanding (note 6):		
Class C	125,000	50,000
Class O	252	252
Net assets attributable to unitholders of redeemable units per unit:		
Class C	\$ 21.07	\$ 19.99
Class O	22.24	21.11

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors of the Manager:

"Tyler Mordy"

Tyler Mordy  
Director

"James Garcelon"

James Garcelon  
Director

# FORSTRONG GLOBAL GROWTH ETF

## Statement of Comprehensive Income

### For the period ended

	June 30, 2024
<b>Income:</b>	
Dividends	\$ 31,102
Securities lending income (note 12)	344
Net realized gain (loss) on sale of investments	32,051
Net realized gain (loss) on foreign currency transactions	(17)
Net change in unrealized appreciation (depreciation) of investments	77,633
Net change in unrealized appreciation (depreciation) on foreign currencies	(1)
	141,112
<b>Expenses:</b>	
Management fees (note 7)	5,460
Audit fees	20,344
Accounting fees	10,950
Commitment fees	3,022
Custodial fees	212
ETF service fees	10,002
FundSERV fees	15
Fundata fees	919
Legal fees	2,920
Recordkeeping fees	4,469
Regulatory and listing expense	3,888
Operating fees	352
Transaction fees	520
Transaction costs	299
Harmonized sales tax	3,468
Withholding taxes	3,718
	70,558
Expenses waived/absorbed by the Manager	(46,634)
	23,924
<b>Increase (decrease) in net assets attributable to holders of redeemable units (excluding distributions)</b>	<b>\$ 117,188</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units per class (excluding distributions):</b>	
Class C	\$ 116,899
Class O	289
<b>Average number of units outstanding for the period per class:</b>	
Class C	96,291
Class O	252
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (excluding distributions):</b>	
Class C	\$ 1.21
Class O	1.15

See accompanying notes to financial statements.

# FORSTRONG GLOBAL GROWTH ETF

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

## For the period ended

	Class C	Class O	Total
	June 30, 2024	June 30, 2024	June 30, 2024
Net assets attributable to unitholders of redeemable units, December 31, 2023	\$ 999,393	\$ 5,319	\$ 1,004,712
Increase (decrease) in net assets attributable to unitholders of redeemable units	116,899	289	117,188
Issuance of redeemable units	1,517,887	–	1,517,887
Cash paid on redemption of redeemable units	–	–	–
Distributions of income to unitholders:			
Investment income	–	–	–
Capital gains	–	–	–
Return of capital	–	–	–
Reinvested distributions	–	–	–
Net assets attributable to unitholders of redeemable units, June 30, 2024	\$ 2,634,179	\$ 5,608	\$ 2,639,787

## Holdings of redeemable units

Redeemable units outstanding, beginning of period	50,000	252	50,252
Redeemable units issued	75,000	–	75,000
Redeemable units redeemed	–	–	–
Redeemable units outstanding before income distribution	125,000	252	125,252
Add redeemable units issued on reinvested income	–	–	–
<b>Redeemable units outstanding, end of period</b>	<b>125,000</b>	<b>252</b>	<b>125,252</b>

See accompanying notes to financial statements.

# FORSTRONG GLOBAL GROWTH ETF

## Statement of Cash Flows

For the period ended

June 30, 2024

<b>Cash flows from (used in) operating activities:</b>	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 117,188
Items not involving cash:	
Purchases of investments	(1,967,701)
Proceeds from sale of investments	504,030
Net realized (gain) loss on sale of investments	(32,051)
Net change in unrealized depreciation (appreciation) on investments	(77,633)
Change in non-cash operating working capital:	
Dividends and other receivables	(47,631)
Accrued liabilities and other payables	31,002
<b>Net cash provided by (used in) operating activities</b>	<b>(1,472,796)</b>
Cash flows from (used in) financing activities:	
Distributions paid to unitholders	(13,590)
Proceeds from redeemable units issued	1,517,887
<b>Net cash provided by (used in) financing activities</b>	<b>1,504,297</b>
Increase (decrease) in cash during the period	31,501
Cash, beginning of period	12,081
<b>Cash, end of period</b>	<b>\$ 43,582</b>
Dividends received, net of withholding taxes	26,387

See accompanying notes to financial statements.

# FORSTRONG GLOBAL GROWTH ETF

Schedule of Investment Portfolio

June 30, 2024

Shares	Description	Cost	Fair Value
<b>Exchange-traded funds (97.5%)</b>			
6,336	BMO Equal Weight US Banks Index ETF	\$ 180,205	\$ 185,898
1,067	CI First Asset High Interest Savings ETF	53,466	53,409
4,201	Franklin FTSE Brazil ETF	107,685	95,518
889	iShares 1-5 Year Investment Grade Corporate Bond ETF	61,135	62,318
2,721	iShares Core S&P Mid-Cap ETF	217,048	217,839
2,082	iShares Core S&P/TSX Capped Composite Index ETF	69,110	72,558
2,335	iShares MSCI Chile Capped ETF	85,814	82,639
1,058	iShares MSCI Global Metals & Mining Producers ETF	58,367	59,097
1,790	iShares MSCI Sweden ETF	96,081	98,565
4,965	iShares S&P 500 Index Fund	250,695	283,253
3,413	KraneShares CSI China Internet ETF	123,769	126,160
2,464	SPDR Bloomberg Barclays Emerging Markets Local Bond ETF	68,614	67,047
1,873	SPDR Bloomberg Barclays Short Term International Treasury Bond ETF	66,925	65,699
1,508	VanEck Vectors Gold Miners ETF	59,499	69,998
3,217	Vanguard FTSE Europe ETF	275,652	293,856
1,713	Vanguard FTSE Pacific ETF	165,414	173,839
3,343	Vanguard U.S. Aggregate Bond Index ETF (CAD-Hedged)	71,982	71,707
1,014	Vanguard Value ETF	205,956	222,521
2,927	WisdomTree Emerging Markets High Dividend Fund	160,513	173,425
952	WisdomTree Japan SmallCap Dividend Fund	94,509	97,835
		2,472,439	2,573,181
	Transaction costs	(192)	-
	Total Investments (97.5%)	<u>\$ 2,472,247</u>	2,573,181
	Other assets, less liabilities (2.5%)		66,606
	<b>Total Net Assets (100.0%)</b>		<b>\$ 2,639,787</b>

See accompanying notes to financial statements.

# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements

Period ended June 30, 2024

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## 1. The Fund:

The Forstrong Global Growth ETF (the "Fund") is an open-ended investment fund established under the laws of the Province of British Columbia pursuant to a Declaration of Trust dated July 17, 2023. Forstrong Global Asset Management Inc. is the manager of the Fund (the "Manager") and trustee (the "Trustee"). CIBC Mellon Trust Company is the custodian of the Fund (the "Custodian").

The Fund commenced operations on July 20, 2023.

The head office of the Fund is located at 1180 Sunset Drive, Ste. 203, Kelowna, British Columbia, Canada, V1Y 9W6.

The Fund's investment objective is to seek long-term capital growth and international diversification by primarily investing in, directly or indirectly, a diversified mix of global ex-North America equity securities. The Fund will invest primarily in exchange-traded funds ("ETFs") that are listed on North American stock exchanges.

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. 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.

These interim financial statements for the period ended June 30, 2024, were authorized for issue by the Manager on August 29, 2024.

## 2. Basis of presentation:

These interim financial statements have been prepared in compliance with IFRS Accounting Standards.

### (a) Basis of measurement:

The interim financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities which are presented at fair value through profit or loss ("FVTPL").

In applying IFRS Accounting Standards, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates.



# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements (continued)

Period ended June 30, 2024

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## 2. Basis of presentation (continued):

### (b) Functional and presentation currency:

The functional currency in which the Fund operates is the Canadian dollar. Amounts received by the Fund on an offering of its units and amounts payable on redemption are received or paid in the functional currency, and the Fund's performance is evaluated and its liquidity managed in the functional currency. Therefore, the functional currency is considered as the currency that most accurately represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also the Canadian dollar.

## 3. Material accounting policy information:

### (a) Financial instruments:

#### (i) Classification and measurement of financial instruments:

The Fund classifies its investments as financial assets or financial liabilities at FVTPL. The Fund classifies its investments at FVTPL based on the Fund's business model for managing those financial assets in accordance with the Fund's documented investment strategy. The Fund is primarily focused on fair value information and uses that information to assess the asset's performance and to make decisions.

Financial assets and financial liabilities are initially measured at fair value, with transaction costs recognized in the statement of comprehensive income.

All other financial assets and liabilities are recognized on the date which they are originated and are classified and measured at amortized cost. Redeemable units are measured at the present value of the redemption amount and are considered a residual.

# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements (continued)

Period ended June 30, 2024

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## 3. Material accounting policy information (continued):

### (ii) Recognition and derecognition:

Financial assets and financial liabilities are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. The Fund's investments are subsequently measured at fair value.

The Fund derecognizes a financial asset when the contractual rights to the cash flows on the financial asset in the transaction in which substantially all the risks and the rewards of ownership of the financial asset are transferred. The Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

### (iii) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund.

Investments held that are traded in an active market through recognized public stock exchanges, over-the-counter markets or through recognized investment dealers are valued at their last traded market price where the last traded market price falls within the day's bid-ask spread. In circumstances where the last traded price is not within that day's bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances. Investments held may include equities, investment funds, bonds and other debt instruments. Any investments that are not valued using the last traded price on the securities exchange can be valued based on other observable market data at the discretion of the Manager.

Investments held that are not traded in an active market, if any, are valued based on the results of valuation techniques using observable market inputs where possible, on such basis and in such manner established by the Manager. See note 11 for more information about the Fund's fair value measurements.

# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements (continued)

Period ended June 30, 2024

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### 3. Material accounting policy information (continued):

(iv) Other financial assets and liabilities:

Cash, dividends receivable, receivable for investments sold, other receivables, accrued expenses, distributions payable, and payable for investments purchased are recorded at amortized cost which in all cases is a reasonable approximation of fair value due to the short-term nature of these items.

(v) Offsetting of financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if there is a currently legally enforceable right to offset recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

As at June 30, 2024, there were no amounts subject to offsetting.

(b) Impairment of financial assets:

At each reporting date, the Fund assesses whether there is objective evidence that financial assets at amortized cost are impaired. If such evidence exists, the Fund will recognize an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. The Fund's financial assets and liabilities at amortized cost are short term in nature and not typically subject to impairment. No impairment loss was recorded for the period ended June 30, 2024.

# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements (continued)

Period ended June 30, 2024

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### 3. Material accounting policy information (continued):

(c) Investment transactions and income recognition:

Investment transactions are recorded on the trade date. Interest income, if any, for distribution purposes from investments in bonds and short-term investments shown on the statement of comprehensive income represents the coupon interest received accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities. Dividend income and distributions from funds are recognized on the ex-dividend or ex-distribution date when the Fund's right to receive the payment is established. Realized gains and losses from investment transactions are calculated on a weighted average cost basis.

(d) Foreign currencies:

Any currency other than Canadian dollar represents foreign currency to the Fund.

Transactions during the period, including purchases and sales of securities, income and expenses, are translated into Canadian dollars at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Realized and unrealized gains and losses on foreign currency translation are included in the statement of comprehensive income as net realized loss on foreign currency and the net change in unrealized appreciation of investments, respectively.

(e) Cash:

Cash consists of deposits with financial institutions and short-term investments with terms to maturity of less than three months from the date of purchase.

# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements (continued)

Period ended June 30, 2024

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## 3. Material accounting policy information (continued):

- (f) Increase in net assets attributable to holders of redeemable units per unit:

Increase in net assets attributable to holders of redeemable units per unit is based on the increase in net assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the period.

- (g) Unitholder transactions and net asset value attributable to holders of redeemable units per unit:

Amounts received on the issuance of units and amounts paid on the redemption of units are included in the statement of changes in net assets attributable to holders of redeemable units.

A separate net asset value ("NAV") is calculated for each series of units of the Fund by taking the series' proportionate share of the Fund's common assets less that series' proportionate share of the Fund's common liabilities and deducting from this amount all liabilities that relate solely to a specific series. The NAV per unit for each series is determined by dividing the NAV of each series by the number of units of that series outstanding on the valuation date.

- (h) Distributions:

Income earned by the Fund is distributed to holders of redeemable units at least once a year, and these distributions are generally reinvested by holders of redeemable units of the Fund. Net realized capital gains (reduced by loss carryforwards, if any) are distributed in December of each year to holders of redeemable units.

- (i) Transaction costs and other expenses:

Transaction costs and other expenses are expensed and are included in the statement of comprehensive income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements (continued)

Period ended June 30, 2024

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### 3. Material accounting policy information (continued):

(j) Redeemable participating units:

The units of the Fund are classified as financial liabilities as the Fund has multiple classes of units with different features.

(k) Related parties:

For the purpose of these financial statements, a party is considered related to the Fund if such party or the Fund has the ability to, directly or indirectly, control or exercise significant influence over the other entity's financial and operating decisions, or if the Fund and such party are subject to common significant influence. Related parties may be individuals or other entities.

(l) Income taxes:

The Fund qualifies as a Unit Trust under the Income Tax Act (Canada). Accordingly, the Fund is not taxed on that portion of its taxable income, which is paid or payable to unitholders at the end of that taxation year. No provision for income taxes has been recorded in the accompanying financial statements as all income and capital gains of the Fund for the period are distributed to the unitholders to the extent necessary to reduce taxes payable under Part I of the Income Tax Act (Canada) to nil. As a result, the Fund does not record income taxes other than alternative minimum tax if applicable.

The Fund is subject to withholding taxes on foreign income at the prescribed rate on investment income. Income that is subject to the withholding taxes is recorded gross of withholding taxes, and the related withholding taxes are shown as a separate expense in the statement of comprehensive income.

# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements (continued)

Period ended June 30, 2024

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#### 4. Involvement with unconsolidated structured entities:

The Fund does not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

Refer to the schedule of investment portfolio for the Fund's investment in unconsolidated structured entities at June 30, 2024.

#### 5. Critical accounting estimates and judgments:

In preparing these financial statements, the Manager has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

#### 6. Redeemable units issued and outstanding:

The Fund may issue multiple classes of units issuable in an unlimited number of series and an unlimited number of units of each series. Capital movements are shown on the statement of changes in net assets attributable to holders of redeemable units. In accordance with its investment strategies and risk management policies, the Fund endeavours to invest its subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

Unit transactions of the Fund for the period ended June 30, 2024 are as follows:

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##### Class C

Redeemable units outstanding, beginning of period	\$ 50,000
Units issued	75,000
Units redeemed	-
Units issued on reinvestments	-
<u>Redeemable units outstanding, end of period</u>	<u>\$ 125,000</u>

##### Class O

Redeemable units outstanding, beginning of period	\$ 252
Units issued	-
Units redeemed	-
Units issued on reinvestments	-
<u>Redeemable units outstanding, end of period</u>	<u>\$ 252</u>

# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements (continued)

Period ended June 30, 2024

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## 7. Related party transactions:

The Manager held seed capital throughout the period. The amount retained as at June 30, 2024 amounted to 252 (December 31, 2023 – 250) in Class O shares.

The Fund shall pay the Manager a management fee (the "Management Fee") based upon the Class Net Asset Value ("Class NAV") of each class of units. The Manager will receive a monthly fee equal to: (i) 1/12 of 0.55% of the aggregate Class NAV of the Class C; (ii) 1/12 of 0.55% of the aggregate Class NAV of the Class O units and Class A units, plus applicable taxes.

The Fund incurred management fees of \$6,169 for the period ended June 30, 2024. As at June 30, 2024, the Fund had management fees payable of \$1,862 (December 31, 2023 - \$1,194).

The Management Fee payable to the Manager in respect of the Class O units of the Fund shall be negotiated between the Manager and the investor.

## 8. Tax loss carryforwards:

Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future periods. Non-capital loss carryforwards may be applied against future years' taxable income. Non-capital losses that are realized may be carried forward for 20 years. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the statement of financial position as a deferred income tax asset.

The Fund had no net capital loss carryforwards and no non-capital loss carryforwards as at December 31, 2023.

## 9. Brokerage commissions on securities transactions:

Brokerage commissions paid on securities transactions may include amounts paid to related parties of the Manager for brokerage services provided to the Fund.

Research and system usage related services received in return for commissions generated with specific dealers are generally referred to as soft dollars.



# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements (continued)

Period ended June 30, 2024

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## 9. Brokerage commissions on securities transactions (continued):

Brokerage commissions and other transaction costs for portfolio transactions for the period ended June 30, 2024, were as follow:

	Brokerage commissions paid	Soft dollar transactions	Amount paid to related parties
June 30, 2024	\$ 299	\$ 18	\$ -

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## 10. Financial instruments risk:

The Fund's activities expose it to various types of risks that are associated with its investment strategies, financial instruments held and markets in which it invests. The most significant risks to potentially affect the Fund include credit risk, liquidity risk, and market risk (which includes currency risk, interest rate risk and other price risk). In order to create and protect shareholder value, the Fund seeks to manage risk through a process of identifying, measuring and monitoring its activities, subject to risk limits and other controls. The Fund has investment guidelines that set out its overall business strategies and general risk management philosophy. These risks and related risk management practices employed by the Fund are discussed below.

Where the Fund invests in other investment funds or ETFs, the Fund may be indirectly exposed to the financial instrument risks of the funds or ETFs, depending on the investment objectives and the type of securities held by the funds or ETFs.

### (a) Concentration risk:

Some funds concentrate their investment holdings in specialized industries, market sectors, geographical regions, asset classes or in a limited number of issuers. Investments in these funds involve greater risk and volatility than broadly based investment portfolios since the performance of one particular industry, market, geographical region, asset class or issuer could significantly and adversely affect the overall performance of the entire fund.

# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements (continued)

Period ended June 30, 2024

## 10. Financial instruments risk (continued):

Below is a summary of the Fund's concentration risk as a percentage of net assets:

Asset class/investment type- Geographic Allocation	% of NAV
United States equity	35.04
Europe Australasia and Far East equity	25.84
Emerging markets equity	20.34
Canadian equity	4.22
United States fixed income	4.16
Emerging markets fixed income	3.30
Europe Australasia and Far East fixed income	2.41
Canadian fixed income	0.24
Cash and cash equivalents	3.67
Other assets, Less Liabilities (net)	0.78
<b>Total</b>	<b>100.00</b>

### (b) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The carrying amount of the Fund's financial assets, except for equities, represents the maximum credit risk exposure.

All transactions executed by the Fund in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The majority of the cash and investments of the Fund are held by the Custodian. Bankruptcy or insolvency of the Custodian may cause the Fund's rights with respect to cash held by the Custodian to be delayed or limited.

The Fund monitors its risk by placing its cash and investments in custody of Schedule I financial institutions.

As at June 30, 2024, the Fund may have been indirectly exposed to credit risk, to the extent that its underlying investments have invested in debt instruments, preferred securities and derivatives.

# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements (continued)

Period ended June 30, 2024

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## 10. Financial instruments risk (continued):

### (c) Liquidity risk:

Liquidity risk is the possibility that investments of the Fund cannot be readily converted into cash when required. The Fund may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Fund or the securities may be subject to legal or contractual restrictions on their resale. In addition, the Fund is exposed to cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. The Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity; therefore, the liquidity risk for the Fund is considered minimal.

With the exception of derivative contracts, where applicable, all of the Fund's financial liabilities are short-term liabilities maturing within 90 days after the period end.

### (d) Market risk:

The Fund's investments are subject to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in currency, interest rate or other market prices. The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences may be material.

#### (i) Currency risk:

The Fund holds assets and liabilities that are denominated in currencies other than its functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. Losses may arise due to a change in the value of the foreign currency or if the counterparty fails to perform under the contract.

# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements (continued)

Period ended June 30, 2024

## 10. Financial instruments risk (continued):

If the Canadian dollar had strengthened or weakened by 10% in relation to all foreign currencies, with all other factors remaining constant, net assets attributable to holders of redeemable units would have increased or decreased by approximately \$190,755 (December 31, 2023 - \$75,352). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

The table below summarizes the exposure of the fund to currency risk as at June 30, 2024 and December 31, 2023:

June 30, 2024	Currency risk exposed holdings	Net exposure	As a % of net assets
United States dollar	\$ 1,907,553	\$ 1,907,553	72.3

  

December 31, 2023	Currency risk exposed holdings	Net exposure	As a % of net assets
United States dollar	\$ 753,520	\$ 753,520	75.0

### (ii) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial assets or financial liabilities. The Fund would be exposed to the risk that the value of such financial assets or financial liabilities will fluctuate due to changes in the prevailing levels of market interest rates. In addition, as interest rates fall and fixed-income security issuers prepay principal, the Fund may have to reinvest this money in securities with lower interest rates. The Fund's exposure to interest rate risk would be concentrated in its investment in money market instruments and fixed income securities. Other assets and liabilities are short-term in nature and/or non-interest bearing.

As at June 30, 2024, the Fund may have been indirectly exposed to interest rate risk, to the extent that its underlying investments have interest-bearing financial assets.

# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements (continued)

Period ended June 30, 2024

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## 10. Financial instruments risk (continued):

### (iii) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Manager aims to moderate this risk through a careful selection and diversification of securities and other financial instruments within the limits of the Fund's investment objectives and strategy.

The impact on net assets attributable to holders of redeemable units of the Fund due to a 5% change in market prices on the Toronto Stock Exchange, as at June 30, 2024, is \$128,659 (December 31, 2023 - \$49,991), with all other variables held constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

## 11. Fair value measurement:

The Fund classifies fair value measurements within a hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 - fair value based on unadjusted quoted prices in active markets for identical assets or liabilities that the Manager has the ability to access at the measurement date;
- Level 2 - inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and
- Level 3 - inputs based on at least one significant non-observable input that is not supported by market data. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

# FORSTRONG GLOBAL GROWTH ETF

Notes to Financial Statements (continued)

Period ended June 30, 2024

## 11. Fair value measurement (continued):

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following fair value hierarchy table presents information about the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2024 and December 31, 2023:

June 30, 2024	Level 1	Level 2	Level 3	Total
Equities	\$ 2,573,181	\$ –	\$ –	\$ 2,573,181

December 31, 2023	Level 1	Level 2	Level 3	Total
Equities	\$ 999,826	\$ –	\$ –	\$ 999,826

All fair value measurements above are recurring. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of the instrument's fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

For the period ended June 30, 2024, no investments (December 31, 2023 – nil) were transferred between the levels.

## 12. Securities lending:

The Fund has entered into a securities lending program with the Custodian and lends portfolio securities from time to time in order to earn additional income.

As at June 30, 2024, the Fund's investments included loaned securities with a fair value of \$326,065 (December 31, 2023 - \$124,448). The fair value of collateral in respect of these loans was \$344,076 (December 31, 2023 - \$130,670). The Fund earned securities lending income of \$344.

## 13. Subsequent Events:

Effective July 29, 2024, the Management Fee payable to the Manager for the Class C and Class O Units was reduced from 0.55% to 0.50%, of the aggregate NAV of the Class per annum, plus applicable taxes.