

Forstrong Global Growth ETF

Annual Management Report of Fund Performance

The annual Management Report of Fund Performance for Forstrong Global Growth 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 or SEDAR+ at 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 Global Growth ETF (the “Fund”) for the period from July 20, 2023 (inception date) to December 31, 2023.

Investment Objectives and Strategies

The Fund aims to achieve long-term capital growth by primarily investing, directly or indirectly, in a diversified mix of exchange traded funds (“ETFs”). As the Fund’s strategy seeks growth and capital appreciation over the long term, it will invest predominantly in equities with a modest allocation to fixed income.

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 FGRW. 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 use an active, top-down multi-asset approach to portfolio construction and management across global risk factors; will combine a long-term view of global macro trends with a short-term cyclical outlook with the aim of determining optimal asset allocation; and seek to provide investors with stability through various investment climates with an emphasis on risk management by tactically managing its cash and fixed income allocations.

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

The inception date of the Fund was July 20, 2023, and as such, changes made between this inception date and December 31, 2023, will be described herein. Changes to net asset mix were muted during the period. The Fund’s overweight positioning in cash and equivalents was reduced to neutral levels in mid-September as near-term recession concerns ebbed.

Material trades made during the period included shifting a broad emerging markets equities exposure to dividend-weighted, initiating new positions in small-cap Japanese dividend equities and US natural gas equities. Chinese equity exposure was pivoted from broad offshore and onshore indices to internet companies, as we anticipated the greatest opportunities to be in businesses linked to the consumer sector. In addition, exposure to gold mining equities was initiated in mid-December, driven by expectations of peak interest rates (nominal and real) and depreciation of the US dollar, and a “catch-up”

convergence between gold mining equities and physical gold prices. Profits were taken on positions in South Korean and Taiwanese equities due to elevated valuations.

The third quarter of 2023 was marked by shifting consensus expectations, particularly in the United States, as the reality of higher for longer interest rates set in. Developed market bond yields came under significant upwards pressure, which weighed on stocks and bonds alike. The trade-weighted US dollar surged; in part attributable to both risk-off sentiment and widening interest rate differential expectations. In emerging markets, Chinese assets remained under pressure due to a lacklustre economic recovery, property sector woes, and absence of meaningful monetary and fiscal stimulus. Energy-related assets were the notable positive standout during the quarter, as oil prices grinded higher amidst continued production cuts from Saudi Arabia and Russia.

For the Fund, net asset mix positioning bolstered performance during the third quarter of 2023, as overweight exposure to equities slightly outperformed fixed income. The Fund's overweight emerging markets equity exposure outperformed global equity indices and its overweight cash and equivalents exposure outperformed as global stocks and bonds posted negative returns for the period.

The fourth quarter of 2023 saw stellar returns for most global asset classes. Investors were emboldened by dovish central bank expectations and the outbreak of war between Israel and Hamas had a relatively muted impact on financial markets. Stocks and bonds both surged during the quarter, with the performance of the latter asset class turning positive for the year after a volatile 12 months. Chinese stocks continued to struggle, as real estate sector woes have yet to subside and proposed regulation targeting online gaming spooked investors.

Net asset mix positioning bolstered performance during the fourth quarter of 2023, as overweight exposure to equities outperformed fixed income. Overweight positioning in US bank equities, Brazilian equities, and a US dollar hedge were also accretive to returns. Overweight positioning in Chinese and natural gas equities underperformed and were detrimental to overall performance.

Distributions

From the date when the Fund effectively began operations on July 20, 2023, to December 31, 2023, there were \$13,635 in distributions paid to unitholders.

Income and Expenses

For the period from July 20, 2023, to December 31, 2023, the Fund generated net investment income from investments of \$23,100. The Fund incurred management, operating and transaction expenses of \$75,960 of which \$66,142 was either paid or absorbed by Forstrong on behalf of the Fund.

Recent Developments

US markets are hitting new highs but narrowly supported by the “Magnificent 7” stocks - Alphabet, Amazon, Apple, Microsoft, Nvidia, Meta Platforms and Tesla. American CEOs are bullish on their own companies but gloomy about the broader economic outlook. China's growth is finally surprising on the upside but household and business confidence hover near record low levels. Despite these confusing contrasts, global labour markets are still secularly tight.

Investors may forget that the current business cycle is anything but a natural one. During the pandemic, economic shutdowns and re-openings were fully coordinated by government, rather than market forces. But because different nations opened at different times and with different velocity, the world economy remains highly de-synchronized.

This is new territory. Ever since globalization gathered pace in the early 2000s, world trade and business cycles had become far more correlated, not less. In some ways, the global economy is similar to the period after World War II: lingering distortions with deep labour shortages, chronic government spending and a fragmented world.

Looking ahead to 2024, our investment team remains focused on the most durable macro trends. Lately, we have set our sights on 3 key macro themes: ongoing government spending, structural inflation and the broader “revenge of the real economy”. Most of the incoming data still supports these themes.

Yet, markets in 2023 were busily pricing in a return to the economic trends of the 2010s. Tech stocks have rebounded strongly. Market-derived and survey-based expectations both show a strong consensus expect lower short rates in 2024, with bonds predicted to be the best performing asset class. This investor groupthink creates a sizable opportunity for differentiated views to outperform.

Most major central banks are likely at or very near peak interest rates. Historically, long-term returns for stocks and bonds are strongly positive in the years following terminal rate hikes. We remain near fully invested with cash at a neutral level.

A resilient US economy and green shoots of recovery emerging in China should bode well for global growth in 2024. Despite a handful of pockets of overvaluation, most equity markets remain reasonably priced despite this constructive economic backdrop. Equity exposure has been maintained overweight.

Bonds have become a consensus overweight, as financial markets expect aggressive rate cuts in 2024. However, caution is advised, considering the likelihood of “sticky” inflation. Fixed income exposure has been kept underweight.

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 year ended December 31.

Class C - The Fund's Net Assets per Unit		
Net Assets, beginning of period¹	\$	–
Increase (decrease) from operations:		
Total revenue	\$	0.28
Total expenses (excluding distributions)		(0.15)
Realized gains (losses) for the period		(0.32)
Unrealized gains (losses) for the period		0.45
Total increase (decrease) from operations²	\$	0.26
Distributions:		
From income (excluding dividends)	\$	(0.26)
From dividends		(0.01)
From capital gains		–
Return of capital		–
Total Distributions³	\$	(0.27)
Net Assets, end of period¹	\$	19.99

Class O - The Fund's Net Assets per Unit		
Net Assets, beginning of period¹	\$	–
Increase (decrease) from operations:		
Total revenue	\$	0.20
Total expenses (excluding distributions)		(0.10)
Realized gains (losses) for the period		(0.25)
Unrealized gains (losses) for the period		1.44
Total increase (decrease) from operations²	\$	1.29
Distributions:		
From income (excluding dividends)	\$	(0.17)
From dividends		(0.01)
From capital gains		–
Return of capital		–
Total Distributions³	\$	(0.18)
Net Assets, end of period¹	\$	21.10

1. This information is derived from the Fund's audited annual financial statements. Period from July 20, 2023 (inception date) to December 31, 2023.
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

Total Net Asset Value ⁴	\$	999,393
Number of Units Outstanding ⁴		50,000
Management Expense Ratio ⁵		1.97%
Management Expense Ratio before waivers or absorptions ⁵		18.89%
Trading Expense Ratio ⁶		0.05%
Portfolio Turnover Rate ⁷		25.14%
Net Asset Value per Unit	\$	19.99
Closing Market Price		20.15

Class O - Ratios and Supplemental Data

Total Net Asset Value ⁴	\$	5,319
Number of Units Outstanding ⁴		252
Management Expense Ratio ⁵		1.98%
Management Expense Ratio before waivers or absorptions ⁵		17.99%
Trading Expense Ratio ⁶		0.05%
Portfolio Turnover Rate ⁷		25.14%
Net Asset Value per Unit	\$	21.10

4. This information is provided as at December 31, 2023.
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 values 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 0.55% per annum of the average daily net asset value of the Class C Units, and maximum 0.55% 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 December 31, 2023, the Fund accrued, directly and indirectly, \$2,113 (excluding GST and HST in the amount of \$275) 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:

	Portfolio Advisory	Trailing Commissions	Sales Commissions
Class C Units	\$ 2,113	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 December 31, 2023

PORTFOLIO ALLOCATIONS

Asset Class/Investment Type	% of Net Asset Value
United States Equity	35.84
EAFE Equity	24.03
Emerging Markets Equity	22.76
Canadian Equity	5.05
United States Fixed Income	3.63
Emerging Markets Fixed Income	3.46
Other Developed Fixed Income	2.52
Canadian Fixed Income	0.24
Cash and Cash Equivalents	2.47
Total	100.00

TOP HOLDINGS

Position	% of Net Asset Value
Vanguard Value ETF	15.89
Vanguard FTSE Europe ETF	12.46
iShares Core S&P 500 Index ETF (CAD-Hedged)	9.83
WisdomTree Emerging Markets High Dividend Fund	7.79
BMO Equal Weight US Banks Hedged to CAD Index ETF	7.37
Vanguard FTSE Pacific ETF	6.53
KraneShares CSI China Internet ETF	4.88
Franklin FTSE Brazil ETF	4.07
VanEck Gold Miners ETF	3.84
WisdomTree Japan SmallCap Dividend Fund	3.78
iShares MSCI Chile ETF	3.49
iShares Core S&P/TSX Capped Composite ETF	2.95
SPDR Bloomberg Short Term International Treasury Bond ETF	2.71
SPDR Bloomberg Emerging Markets Local Bond ETF	2.70
iShares MSCI Global Metals & Mining Producers ETF	2.60
Vanguard US Aggregate Bond Index ETF (CAD-hedged)	2.38
First Trust Natural Gas ETF	2.20
CI First Asset High Interest Savings ETF	2.13
iShares 1-5 Year Investment Grade Corporate Bond ETF	2.06
Cash and Other Assets, Less Liabilities (Net)	0.34
Total	100.00
Total Net Asset Value	\$ 1,004,712

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.

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.

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Auditor

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Custodian

CIBC Mellon Trust Company

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Toronto, ON M5J 0B6

Registrar and Transfer Agent

TSX Trust Company

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Toronto, ON M5H 4H1

Unitholder and Recordkeeping

CIBC Mellon Global Securities Company

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Toronto Stock Exchange Listing

Ticker Symbol: FGRW

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