

# UMAX

HAMILTON  
UTILITIES YIELD  
MAXIMIZER ETF

## Hamilton Utilities Yield Maximizer ETF (UMAX:TSX)



HAMILTON ETFS



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## MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance for Hamilton Utilities Yield Maximizer ETF (“UMAX” or the “ETF”) contains financial highlights and is included with the audited annual financial statements for the investment fund. You may request a copy of the investment fund’s audited annual financial statements, annual management report of fund performance, current proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosures, at no cost, by calling (416) 941-9888, by writing to Hamilton Capital Partners Inc. (“Hamilton ETFs” or the “Manager”), at 70 York Street, Suite 1520, Toronto, Ontario, M5J 1S9, by visiting our website at [www.hamiltonetfs.com](http://www.hamiltonetfs.com) or through SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance, or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make 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. We caution readers of this document not to place undue reliance on our forward-looking statements 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 ETF may invest and the risks detailed from time to time in the ETF’s prospectus. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors. 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 ETF, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Manager 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

### Investment Objective and Strategy

The investment objective of UMAX is to deliver attractive monthly income, while providing exposure to a portfolio of utility services equity securities, primarily domiciled/listed in Canada and the United States. To supplement dividend income earned on the equity holdings, mitigate risk and reduce volatility, UMAX will employ a covered call option writing program. The ETF is offered for sale on a continuous basis by its prospectus in class E units (“Class E”), which trade on the Toronto Stock Exchange (“TSX”) under the symbol UMAX.

UMAX seeks to achieve its investment objective by investing in utility services companies, primarily listed in Canada and the United States, including, but not limited to, those companies operating in subsectors such as utilities, pipelines, telecommunications and industrials. As an alternative to, or in conjunction with, investing in and holding the constituent securities, UMAX may also invest in other securities, including Other Funds (as defined herein) to obtain direct or indirect exposure to the same securities in a manner that is consistent with UMAX’s investment objective. UMAX may also hold cash and cash equivalents or other money market instruments in order to meet its obligations.

The Portfolio Advisor will review the portfolio holdings on an ongoing basis for possible additions, removals, or substitutions that in its discretion would be beneficial to UMAX and its Unitholders. The issuers included in the portfolio will largely be based on market capitalization, however the Portfolio Advisor’s rationale for additions, removals, or substitutions may include, but not be limited to: (i) its view on the liquidity of equities; (ii) the availability and liquidity of an issuer’s options; (iii) the percentage of the net asset value of the sub-sectors within UMAX; and (iv) dividend yield.



## Management Discussion of Fund Performance (continued)

To mitigate downside risk and generate income, the Portfolio Adviser will actively manage a covered call strategy that will generally write at or slightly out of the money call options, at its discretion, on up to 100% of the value of UMAX's portfolio. Notwithstanding the foregoing, UMAX may write covered call options on a lesser percentage of the portfolio, from time to time, at the discretion of the Portfolio Adviser.

### Risk

Investments in the units of the ETF can be speculative, involve a degree of risk and are suitable only for persons who are able to assume the risk of losing their entire investment. The risks of investing are disclosed in the ETF's prospectus and there have been no significant changes during the year/period that affected the overall level of risk associated with the ETF. **Prospective investors should read the ETF's prospectus and consider the full description of the risks contained therein before purchasing units.** The prospectus is available at [www.hamiltonetfs.com](http://www.hamiltonetfs.com) or from [www.sedarplus.ca](http://www.sedarplus.ca), or by contacting Hamilton Capital Partners Inc. directly via the contact information on the back page of this document.

### Results of Operations

The ETF began operations on June 14, 2023, at a net asset value (per unit) ("NAV") of \$16.00 and finished the period on December 31, 2023, at \$15.02. The ETF distributed \$1.0445 in cash per Class E unit during the period. To supplement dividend income earned on the equity holdings, mitigate risk and reduce volatility, the ETF employs a covered call option writing program.

### Market Review

Following a difficult 2022 for stocks, 2023 saw a significant recovery in stock prices. Slowing inflation coupled with only a modest increase in unemployment led investors to believe that a recession can be avoided. This improved outlook, as well as indications from the Bank of Canada and the Federal Reserve ("Fed") that interest rate hikes are coming to an end, helped push stocks higher into year-end, despite macro and geopolitical uncertainty stemming from such events as the continuing war in Ukraine and the conflict in the Middle East. In fact, most economies have proven more resilient than expected in 2023; despite interest rate increases by global central banks, forecasts for growth have risen for many economies, including Canada and the U.S.

The utility services sector navigated a complex landscape influenced significantly by rising interest rates and other macroeconomic factors from the ETF's launch mid-year through year-end. The telecom industry, despite the challenges of higher borrowing costs, showed resilience and potential for growth. Power utilities pursued robust expansion plans and steady dividend growth. Industrials (such as railways) benefited from a resilient economy, which sustained demand for freight transportation. In contrast, pipelines faced volatile energy prices and regulatory hurdles. Despite this, however, all managed to maintain or grow their dividends for shareholders.

### Portfolio Review

The ETF invests in utility services companies in Canada and the U.S. from within the subsectors of utilities, pipelines, telecommunications and industrials, for which an active exchange-traded options market exists. The holdings are equally weighted and rebalanced semi-annually. No changes were made to the ETF's holdings over the period.

The ETF ended the period with 13 positions with approximately 30% of NAV invested in utilities, 25% in industrials, ~25% in pipelines, and ~20% in telecommunication stocks. The most positive contributors to the ETF's performance in the period were Pembina Pipeline Corp, Canadian National Railway, and Waste Connections Inc, creating a high variance between top gainers and losers in the utilities overall sector. In contrast, Northland Power, Bell Canada Enterprises, and Emera Inc were among the biggest detractors from the ETF's return.



## Management Discussion of Fund Performance *(continued)*

### **Outlook**

Overall, the Manager is cautiously optimistic about the outlook for the utilities sector. While risks remain, the likelihood that the economy avoids a severe recession has increased. However, uncertainty around the timing as to interest rate cuts in Canada and the U.S., November's U.S. presidential election, as well as continued geopolitical turbulence could weigh on performance and/or lead to further volatility. Despite this, the ETF's holdings provide a source of increasing dividends in what is seen as a defensive sector. Options premiums will continue to be monitored to apply appropriate call option coverage to the ETF's portfolio.

### **Other Operating Items and Changes in Net Assets Attributable to Holders of Redeemable Units**

For the period from when the ETF effectively began operations on June 14, 2023, to December 31, 2023, the ETF generated net investment income from investments and derivatives (which includes changes in the fair value of the ETF's portfolio) of \$5,467,729. The ETF incurred management, and operating transaction expenses of \$691,481 of which \$3,259 was either paid or absorbed by the Manager on behalf of the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, without notice, or continued indefinitely, at the discretion of the Manager.

The ETF distributed \$9,715,089 to unitholders during the period.

### **Presentation**

The attached financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"). Any mention of total net assets, net assets, net asset value or increase (decrease) in net assets in the financial statements and/or management report of fund performance is referring to net assets or increase (decrease) in net assets attributable to holders of redeemable units as reported under IFRS.

### **Recent Developments**

There are no recent industry, management or ETF-related developments that are pertinent to the present and future of the ETF.

### **Related Party Transactions**

Certain services have been provided to the ETF by related parties and those relationships are described below.

#### ***Manager, Trustee and Portfolio Adviser***

The manager, trustee and portfolio adviser of the ETF is Hamilton Capital Partners Inc., 70 York Street, Suite 1520, Toronto, Ontario, M5J 1S9, a corporation incorporated under the laws of the Province of Ontario.

Any management fees paid to the Manager (described in detail on page 8) are related party transactions, as the Manager is considered to be a related party to the ETF. Fees paid to the Independent Review Committee are also considered to be related party transactions. Both the management fees and fees paid to the Independent Review Committee are disclosed in the statement of comprehensive income in the attached financial statements of the ETF. The management fees payable by the ETF as at December 31, 2023, are disclosed in the statement of financial position.



## Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance since it effectively began operations on June 14, 2023. This information is derived from the ETF's audited annual financial statements. Please see the first page for information on how you may obtain the annual or interim financial statements.

### The ETF's Net Assets per Unit

Year/Period <sup>(1)</sup>	2023
<b>Net assets per unit, beginning of year/period</b>	\$ 16.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.41
Total expenses	(0.09)
Realized gains (losses) for the year/period	(0.20)
Unrealized gains (losses) for the year/period	0.49
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	0.61
<b>Distributions:</b>	
From net investment income (excluding dividends)	–
From dividends	(0.15)
From net realized capital gains	(0.01)
From return of capital	(0.88)
<b>Total distributions <sup>(3)</sup></b>	(1.04)
<b>Net assets per unit, end of year/period <sup>(4)</sup></b>	\$ 15.02

1. This information is derived from the ETF's audited annual financial statements.

2. Net assets per unit 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. Income, dividend and/or return of capital distributions, if any, are paid in cash, reinvested in additional units of the ETF, or both. Capital gains distributions, if any, may or may not be paid in cash. Non-cash capital gains distributions are reinvested in additional units of the ETF and subsequently consolidated. They are reported as taxable distributions and increase each unitholder's adjusted cost base for their units. Neither the number of units held by the unitholder, nor the net asset per unit of the ETF change as a result of any non-cash capital gains distributions. Distributions classified as return of capital, if any, decrease each unitholder's adjusted cost base for their units.

4. The Financial Highlights are not intended to act as a continuity of the opening and closing net assets per unit.



**Financial Highlights** (continued)

**Ratios and Supplemental Data**

<b>Year/Period</b> <sup>(1)</sup>	<b>2023</b>
Net asset value (000's)	\$ 190,678
Number of units outstanding (000's)	12,696
Management expense ratio <sup>(2)</sup>	0.80%
Management expense ratio before waivers and absorptions <sup>(3)</sup>	0.80%
Trading expense ratio <sup>(4)</sup>	0.26%
Portfolio turnover rate <sup>(5)</sup>	17.77%
Net asset value per unit, end of year/period	\$ 15.02
Closing market price	\$ 15.01

1. This information is provided as at December 31 of the year/period shown.
2. Management expense ratio is based on total expenses, including sales tax, (excluding 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 year/period. Out of its management fees, and waivers and absorptions, as applicable, the Manager pays for such services to the ETF as portfolio manager compensation, service fees and marketing.
3. The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, without notice, or continued indefinitely, at its discretion.
4. 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 year/period.
5. The ETF's portfolio turnover rate indicates how actively its portfolio investments are traded. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the year. Generally, the higher the portfolio turnover rate in a year, the greater the trading costs payable by the ETF in the year, and the greater the chance of an investor receiving taxable capital gains in the year/period. There is not necessarily a relationship between a high turnover rate and the performance of the ETF.



**Financial Highlights** (continued)

**Management Fees**

The Manager provides, or oversees the provision of, administrative services required by the ETF including, but not limited to: negotiating contracts with certain third-party service providers, such as custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; arranging for the maintenance of accounting records for the ETF; preparing reports to unitholders and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements, including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other transactions in units of the ETF; and dealing and communicating with unitholders of the ETF. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager also monitors the investment strategies of the ETF to ensure that the ETF complies with its investment objectives, investment strategies and investment restrictions and practices.

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.65%, plus applicable sales taxes, of the net asset value of the ETF, calculated and accrued daily and payable monthly in arrears.

Any expenses of the ETF that are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

The table below details, in percentage terms, the services received by the ETF from the Manager in consideration of the management fees paid during the period.

<b>Portfolio management fees, general administrative costs, marketing, and profit</b>	<b>Waived/absorbed expenses of the ETF</b>
99%	1%





## Past Performance

Past performance information is not presented for the fund as it has not been in continuous operation for one full calendar year.

**Summary of Investment Portfolio**

As at December 31, 2023

<b>Asset Mix</b>	<b>Net Asset Value</b>	<b>% of Fund's Net Asset Value</b>
<b>Long Positions</b>		
Canadian Equities	\$ 193,190,556	101.32%
Cash and Cash Equivalents	3,623,099	1.90%
Other Assets less Liabilities	(4,658,307)	-2.44%
<b>Short Positions</b>		
Equity Call Options	(1,477,322)	-0.78%
	<b>\$ 190,678,026</b>	<b>100.00%</b>

<b>Sector Mix</b>	<b>Net Asset Value</b>	<b>% of Fund's Net Asset Value</b>
<b>Long Positions</b>		
Utilities	\$ 57,449,947	30.13%
Industrials	46,968,883	24.63%
Energy	45,566,345	23.90%
Communication Services	43,205,381	22.66%
Cash and Cash Equivalents	3,623,099	1.90%
Other Assets less Liabilities	(4,658,307)	-2.44%
<b>Short Positions</b>		
Equity Call Options	(1,477,322)	-0.78%
	<b>\$ 190,678,026</b>	<b>100.00%</b>

**Summary of Investment Portfolio** (continued)

As at December 31, 2023

<b>Top 25 Holdings</b>	<b>% of Fund's Net Asset Value</b>
<b>Long Positions</b>	
Pembina Pipeline Corp.	8.66%
Canadian National Railway Co.	8.47%
Rogers Communications Inc.	8.45%
Hydro One Ltd.	8.43%
Waste Connections Inc.	8.38%
Canadian Pacific Kansas City Ltd.	7.78%
Enbridge Inc.	7.70%
Fortis Inc.	7.66%
TC Energy Corp.	7.54%
TELUS Corp.	7.36%
Emera Inc.	7.26%
BCE Inc.	6.85%
Northland Power Inc.	6.78%
Cash and Cash Equivalents	1.90%
<b>Short Positions</b>	
Hydro One Ltd., Call Options	-0.13%
Rogers Communications Inc., Call Options	-0.11%
Canadian National Railway Co., Call Options	-0.09%
Waste Connections Inc., Call Options	-0.08%
Northland Power Inc., Call Options	-0.08%
Emera Inc., Call Options	-0.06%
Fortis Inc., Call Options	-0.06%
Enbridge Inc., Call Options	-0.05%
Canadian Pacific Kansas City Ltd., Call Options	-0.04%
Pembina Pipeline Corp., Call Options	-0.04%
TC Energy Corp., Call Options	-0.03%

The summary of investment portfolio may change due to the ongoing portfolio transactions of the ETF. The most recent financial statements are available at no cost by calling (416) 941-9888, by writing to us at 70 York Street, Suite 1520, Toronto, Ontario, M5J 1S9, by visiting our website at [www.hamiltonetfs.com](http://www.hamiltonetfs.com) or through SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).



### MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying audited annual financial statements of Hamilton Utilities Yield Maximizer ETF (the "ETF") are the responsibility of the manager and trustee to the ETF, Hamilton Capital Partners Inc. (the "Manager"). They have been prepared in accordance with IFRS Accounting Standards ("IFRS") using information available and include certain amounts that are based on the Manager's best estimates and judgements.

The Manager has developed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to produce relevant, reliable and timely financial information, including the accompanying financial statements.

These financial statements have been approved by the Board of Directors of the Manager and have been audited by KPMG LLP, Chartered Professional Accountants, Licensed Public Accountants, on behalf of unitholders. The independent auditor's report outlines the scope of their audit and their opinion on the financial statements.

For the year ended December 31, 2023, the fees paid to KPMG LLP for the audit of the financial statements of all the ETFs being audited by them on behalf of Hamilton ETFs are as follows: Audit: \$301,428, Non-audit: \$77,415.

Robert Wessel  
Director  
Hamilton Capital Partners Inc.

Jennifer Mersereau  
Director  
Hamilton Capital Partners Inc.

## INDEPENDENT AUDITOR'S REPORT

### To the Unitholders of Hamilton Utilities Yield Maximizer ETF (the "ETF")

#### **Opinion**

We have audited the financial statements of the ETF, which comprise the statement of financial position as at December 31, 2023, the statements of comprehensive income, changes in financial position and cash flows for the period June 7, 2023 to December 31, 2023 and notes to the financial statements, including a summary of material accounting policy information (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the ETF as at December 31, 2023, and its financial performance and its cash flows for the period June 7, 2023 to December 31, 2023 in accordance with IFRS Accounting Standards ("IFRS").

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's report.

We are independent of the ETF in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

Management is responsible for the other information. Other information comprises:

- the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards (“IFRS”), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ETF’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the ETF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the ETF’s financial reporting process.

***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.  
  
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ETF’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ETF’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the ETF to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants  
The engagement partner on the audit resulting in this auditor's report is Paula M. Foster.  
Toronto, Canada  
March 11, 2024



**Statement of Financial Position**

December 31, 2023

**2023**

**Assets**

Cash and cash equivalents	\$ 3,623,099
Investments (note 6)	193,190,556
Amounts receivable relating to accrued income	838,403
Amounts receivable relating to portfolio assets sold	15,750
Amounts receivable relating to securities issued	750,037

**Total assets**

**198,417,845**

**Liabilities**

Accrued management fees (note 9)	110,791
Accrued operating expenses	13,154
Amounts payable for portfolio assets purchased	3,963,453
Distribution payable	2,175,099
Derivative liabilities (note 3)	1,477,322

**Total liabilities**

**7,739,819**

**Net assets (note 2)**

**\$ 190,678,026**

Number of redeemable units outstanding (note 8)	12,695,922
Net assets per unit	\$ 15.02

(See accompanying notes to financial statements)

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

Robert Wessel  
Director

Jennifer Mersereau  
Director



**Statement of Comprehensive Income**

For the Period from Inception on June 7, 2023, to December 31, 2023

**2023****Income**

Dividend income	\$ 3,253,309
Net realized gain (loss) on sale of investments and derivatives	(1,557,098)
Net realized gain (loss) on foreign exchange	408
Unrealized appreciation (depreciation) of investments and derivatives	3,771,110

**5,467,729****Expenses (note 9)**

Management fees	463,249
Independent Review Committee fees	1,695
Custodial and fund valuation fees	41,843
Securityholder reporting costs	9,641
Administration fees	5,085
Transaction costs	169,968

**691,481**

Amounts that were payable by the investment fund that were paid or absorbed by the Manager	(3,259)
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**688,222**

<b>Increase (decrease) in net assets for the period</b>	<b>\$ 4,779,507</b>
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Increase (decrease) in net assets per unit	\$ 0.61
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(See accompanying notes to financial statements)



## Statement of Changes in Financial Position

For the Period from Inception on June 7, 2023, to December 31, 2023

	<b>2023</b>
<b>Net assets at the beginning of the period</b>	\$ -
<b>Increase (decrease) in net assets</b>	4,779,507
<b>Redeemable unit transactions</b>	
Issuance of units of the ETF	197,280,257
Redemption of units of the ETF	(1,790,768)
Units issued on reinvestment of distributions	124,119
<b>Distributions:</b>	
From net investment income	(1,399,859)
From net realized capital gains	(140,227)
Return of capital	(8,175,003)
<b>Net assets at the end of the period</b>	<b>\$ 190,678,026</b>

(See accompanying notes to financial statements)

**Statement of Cash Flows**

For the Period from Inception on June 7, 2023, to December 31, 2023

**2023****Cash flows from operating activities:**

Increase (decrease) in net assets for the period	\$ 4,779,507
Adjustments for:	
Net realized (gain) loss on sale of investments and derivatives	1,557,098
Unrealized (appreciation) depreciation of investments and derivatives	(3,771,110)
Purchase of investments	(16,655,011)
Proceeds from the sale of investments	20,823,681
Amounts receivable relating to accrued income	(838,403)
Accrued expenses	123,945

<b>Net cash from (used in) operating activities</b>	<b>6,019,707</b>
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**Cash flows from financing activities:**

Amount received from the issuance of units	5,029,466
Amount paid on redemptions of units	(10,203)
Distributions paid to unitholders	(7,415,871)

<b>Net cash from (used in) financing activities</b>	<b>(2,396,608)</b>
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<b>Net increase (decrease) in cash and cash equivalents during the period</b>	<b>3,623,099</b>
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<b>Cash and cash equivalents/(bank overdraft) at beginning of period</b>	<b>–</b>
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<b>Cash and cash equivalents/(bank overdraft) at end of period</b>	<b>\$ 3,623,099</b>
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Dividends received, net of withholding taxes	\$ 2,414,906
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(See accompanying notes to financial statements)

**Schedule of Investments**

As at December 31, 2023

<b>Security</b>	<b>Shares/ Contracts</b>	<b>Average Cost</b>	<b>Fair Value</b>
<b>CANADIAN EQUITIES (101.32%)</b>			
<b>Utilities (30.13%)</b>			
Emera Inc.*	275,029	\$ 14,180,435	\$ 13,833,959
Fortis Inc.*	268,098	14,853,862	14,614,022
Hydro One Ltd.*	405,012	15,013,786	16,078,976
Northland Power Inc.*	536,892	13,353,011	12,922,990
		57,401,094	57,449,947
<b>Industrials (24.63%)</b>			
Canadian National Railway Co.*	96,931	15,017,919	16,143,858
Canadian Pacific Kansas City Ltd.*	141,552	14,744,054	14,840,311
Waste Connections Inc.*	80,788	15,038,943	15,984,714
		44,800,916	46,968,883
<b>Energy (23.90%)</b>			
Enbridge Inc.*	307,661	14,636,461	14,675,430
Pembina Pipeline Corp.*	361,801	15,170,175	16,505,362
TC Energy Corp.*	277,928	14,038,699	14,385,553
		43,845,335	45,566,345
<b>Communication Services (22.66%)</b>			
BCE Inc.*	250,321	14,078,457	13,059,247
Rogers Communications Inc., Class 'B'*	259,694	14,885,029	16,108,819
TELUS Corp.*	595,306	14,344,870	14,037,315
		43,308,356	43,205,381
<b>TOTAL CANADIAN EQUITIES</b>		<b>189,355,701</b>	<b>193,190,556</b>
<b>DERIVATIVES (-0.78%)</b>			
<b>SHORT POSITIONS (-0.78%)</b>			
<b>Equity Call Options (-0.78%)</b>			
BCE Inc., January 2024, \$55.00 CAD	(500)	(29,250)	(2,250)
BCE Inc., January 2024, \$55.50 CAD	(500)	(18,500)	(2,250)
Canadian National Railway Co., January 2024, \$164.00 CAD	(400)	(92,000)	(169,000)
Canadian Pacific Kansas City Ltd., January 2024, \$105.00 CAD	(550)	(52,250)	(84,975)
Emera Inc., January 2024, \$48.00 CAD	(150)	(14,400)	(38,250)
Emera Inc., January 2024, \$50.00 CAD	(900)	(84,600)	(81,900)
Enbridge Inc., January 2024, \$47.50 CAD	(1,350)	(91,650)	(95,850)
Fortis Inc., January 2024, \$54.00 CAD	(1,000)	(119,000)	(107,000)
Hydro One Ltd., January 2024, \$38.00 CAD	(1,000)	(139,000)	(188,500)
Hydro One Ltd., January 2024, \$39.00 CAD	(500)	(37,500)	(51,750)
Northland Power Inc., January 2024, \$23.00 CAD	(200)	(15,800)	(26,500)
Northland Power Inc., January 2024, \$24.00 CAD	(2,100)	(185,400)	(126,000)

**Schedule of Investments** (continued)

As at December 31, 2023

<b>Security</b>	<b>Shares/ Contracts</b>	<b>Average Cost</b>	<b>Fair Value</b>
Pembina Pipeline Corp., January 2024, \$45.50 CAD	(1,400)	(59,598)	(77,000)
Rogers Communications Inc., Class 'B', January 2024, \$60.00 CAD	(500)	(79,000)	(124,750)
Rogers Communications Inc., Class 'B', January 2024, \$61.00 CAD	(500)	(48,000)	(86,000)
TC Energy Corp., February 2024, \$52.00 CAD	(489)	(88,998)	(60,147)
TELUS Corp., January 2024, \$25.50 CAD	(2,400)	(100,800)	(4,800)
Waste Connections Inc., January 2024, \$195.00 CAD	(320)	(96,710)	(150,400)
		<u>(1,352,456)</u>	<u>(1,477,322)</u>
<b>TOTAL DERIVATIVES</b>		<b>(1,352,456)</b>	<b>(1,477,322)</b>
Transaction Costs		<u>(61,121)</u>	
<b>TOTAL INVESTMENT PORTFOLIO (100.54%)</b>		<b>\$ 187,942,124</b>	<b>\$ 191,713,234</b>
<b>Cash and cash equivalents (1.90%)</b>			3,623,099
<b>Other assets less liabilities (-2.44%)</b>			(4,658,307)
<b>NET ASSETS (100.00%)</b>			<b><u>\$ 190,678,026</u></b>

\* Partially pledged as collateral for written covered call option contracts.

(See accompanying notes to financial statements)



## Notes to Financial Statements

For the Period from Inception on June 7, 2023, to December 31, 2023

### 1. REPORTING ENTITY

Hamilton Utilities Yield Maximizer ETF (“UMAX” or the “ETF”) is an investment trust established under the laws of the Province of Ontario by Declaration of Trust on June 7, 2023. The ETF effectively began operations on June 14, 2023. The address of the ETF’s registered office is: c/o Hamilton Capital Partners Inc., 70 York Street, Suite 1520, Toronto, Ontario, M5J 1S9.

The ETF is offered for sale on a continuous basis by its prospectus in class E units (“Class E”) which trade on the Toronto Stock Exchange (“TSX”) in Canadian dollars under the symbol UMAX. An investor may buy or sell units of the ETF on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors are able to trade units of the ETF in the same way as other securities traded on the TSX, including by using market orders and limit orders and may incur customary brokerage commissions when buying or selling units.

The investment objective of UMAX is to deliver attractive monthly income, while providing exposure to a portfolio of utility services equity securities, primarily domiciled/listed in Canada and the United States. To supplement dividend income earned on the equity holdings, mitigate risk and reduce volatility, UMAX will employ a covered call option writing program.

Hamilton Capital Partners Inc. (“Hamilton ETFs” or the “Manager”) is the manager, trustee and portfolio adviser of the ETF. The Manager is responsible for implementing the ETF’s investment strategies.

### 2. BASIS OF PREPARATION

#### *(i) Statement of compliance*

The financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”). Any mention of total net assets, net assets, net asset value or increase (decrease) in net assets is referring to net assets or increase (decrease) in net assets attributable to holders of redeemable units as reported under IFRS.

These financial statements were authorized for issue on March 11, 2024, by the Board of Directors of the Manager.

#### *(ii) Basis of measurement*

The financial statements have been prepared on a historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

#### *(iii) Functional and presentation currency*

The financial statements are presented in Canadian dollars, which is the ETF’s functional currency.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**Notes to Financial Statements** (continued)

For the Period from Inception on June 7, 2023, to December 31, 2023

**(a) Financial instruments*****(i) Recognition, initial measurement and classification***

The ETF is subject to IFRS 9, Financial Instruments (“IFRS 9”) for the classification and measurement requirements for financial instruments, including impairment on financial assets and hedge accounting.

This standard requires assets to be classified based on the ETF’s business model for managing the financial assets and contractual cash flow characteristics of the financial assets. The standard includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income, and fair value through profit and loss (“FVTPL”). IFRS 9 requires classification of debt instruments, if any, based solely on payments of principal and interest and business model tests.

The ETF’s financial assets and financial liabilities are managed and its performance is evaluated on a fair value basis. The contractual cash flows of the ETF’s debt securities, if any, consist solely of principal and interest, however, these securities are neither held in held-to-collect, or held-to-collect-and-sell business models in IFRS 9.

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date, at fair value (see below), with transaction costs recognized in the statement of comprehensive income. Other financial assets and financial liabilities are recognized on the date on which they are originated at fair value.

The ETF classifies financial assets and financial liabilities into the following categories:

- Financial assets mandatorily classified at fair value through profit or loss: debt securities, equity investments and derivative financial instruments
- Financial assets at amortized cost: all other financial assets
- Financial liabilities classified at fair value through profit or loss: derivative financial instruments and securities sold short, if any
- Financial liabilities at amortized cost: all other financial liabilities

***(ii) 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 in the principal or, in its absence, the most advantageous market to which the ETF has access at that date. The fair value of a liability reflects its non-performance risk.

Investments are valued at fair value as of the close of business on each day upon which a session of the TSX is held (“Valuation Date”) and based on external pricing sources to the extent possible. 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 closing sale price. However, such prices may be adjusted if a more accurate value can be obtained from recent trading activity or by incorporating other relevant information that may not have been reflected in pricing obtained from external sources. Short-term investments, including notes and money market instruments, are valued at amortized cost which approximates fair value.

**Notes to Financial Statements** (continued)

For the Period from Inception on June 7, 2023, to December 31, 2023

Investments held that are not traded in an active market, including some derivative financial instruments, are valued using observable market inputs where possible, on such basis and in such manner as established by the Manager. Derivative financial instruments are recorded in the statement of financial position according to the gain or loss that would be realized if the contracts were closed out on the Valuation Date. Margin deposits, if any, are included in the schedule of investments as margin deposits. See also, the summary of fair value measurements in note 6.

Fair value policies used for financial reporting purposes are the same as those used to measure the net asset value (“NAV”) for transactions with unitholders.

The fair value of other financial assets and liabilities approximates their carrying values due to the short-term nature of these instruments.

**(iii) Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the 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 fair value through profit or loss and foreign exchange gains and losses.

**(iv) Specific instruments****Cash and cash equivalents**

Cash and cash equivalents consist of cash on deposit and short-term, interest bearing notes with a term to maturity of less than three months from the date of purchase.

**Forward foreign exchange contracts**

Forward foreign exchange contracts, if any, are valued at the current market value thereof on the Valuation Date. The value of these forward contracts is the gain or loss that would be realized if, on the Valuation Date, the positions were to be closed out and recorded as derivative assets and/or liabilities in the statement of financial position and as a net change in unrealized appreciation (depreciation) of investments and derivatives in the statement of comprehensive income. When the forward contracts are closed out or mature, realized gains or losses on forward contracts are recognized and are included in the statement of comprehensive income in net realized gain (loss) on sale of investments and derivatives. The Canadian dollar value of forward foreign exchange contracts is determined using forward currency exchange rates supplied by an independent service provider.

**Redeemable units**

The redeemable units are measured at the present value of the redemption amounts and are considered a residual amount of the net assets attributable to holders of redeemable units. They are classified as financial liabilities as a result of the ETF’s requirement to distribute, at the option of the unitholder, net income and capital gains in cash.



**Notes to Financial Statements** (continued)

For the Period from Inception on June 7, 2023, to December 31, 2023

**Options**

As part of the ETF's investment strategy, call options are written on the equities in the ETF's portfolio. The premium received from writing a call option is recorded as a derivative liability in the statements of financial position. These call options are valued at the current market value thereof on the Valuation Date. The difference between the premium received when the option was written and its current market value is recorded as a net change in unrealized appreciation (depreciation) of investments and derivatives in the statements of comprehensive income.

When a written call option expires, the ETF will realize a gain equal to the premium received. When a written option is bought back, the ETF will realize a gain or loss equal to the difference between the cost at which the contract was re-purchased and the premium received. When a written call option is exercised, the premium received is added to the proceeds from the sale of the underlying investments to determine the realized gain or loss. In all three cases, the gains or losses realized on call option premiums written is recorded as a net realized gain (loss) on sale of investments and derivatives in the statements of comprehensive income.

Covered call options give the holder the right to buy the securities from the ETF at a stated exercise price during the option period. During this period, these underlying securities held by the ETF are pledged as collateral. Securities so pledged are identified in the Schedule of Investment Portfolio as at December 31, 2023. The total fair value of collateral pledged as at December 31, 2023 is \$77,672,620.

**(b) Investment income**

Investment transactions are accounted for as of the trade date. Realized gains and losses from investment transactions are calculated on a weighted average cost basis. The difference between fair value and average cost, as recorded in the financial statements, is included in the statement of comprehensive income as part of the net change in unrealized appreciation (depreciation) of investments and derivatives. Interest income for distribution purposes from investments in bonds and short-term investments, if any, represents the coupon interest received by the ETF accounted for on an accrual basis. Dividend income is recognized on the ex-dividend date. Distribution income from investments in other funds or ETFs is recognized when earned.

Income from derivatives is shown in the statement of comprehensive income as net realized gain (loss) on sale of investments and derivatives; net change in unrealized appreciation (depreciation) of investments and derivatives; and, interest income for distribution purposes, in accordance with its nature.

Income from securities lending, if any, is included in "Securities lending income" on the statement of comprehensive income and is recognized when earned. Any securities on loan continue to be displayed in the schedule of investments and the market value of the securities loaned and collateral held is determined daily (see note 7).

If the ETF incurs withholding taxes imposed by certain countries on investment income and capital gains, such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statement of comprehensive income.

**(c) Foreign currency**

Transactions in foreign currencies are translated into the ETF's reporting currency using the exchange rate prevailing on the trade date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the year-end exchange rate. Foreign exchange gains and losses are presented as "Net realized gain (loss) on foreign exchange", except for those arising from financial instruments at fair value through profit or loss, which are recognized as a component within "Net realized gain (loss) on sale of investments and derivatives" and "Net change in unrealized appreciation (depreciation) of investments and derivatives" in the statement of comprehensive income.

**Notes to Financial Statements** (continued)

For the Period from Inception on June 7, 2023, to December 31, 2023

**(d) Cost basis**

The cost of portfolio investments is determined on an average cost basis.

**(e) Increase (decrease) in net assets attributable to holders of redeemable units per unit**

The increase (decrease) in net assets per unit in the statement of comprehensive income represents the change in net assets attributable to holders of redeemable units from operations divided by the weighted average number of units of the ETF outstanding during the reporting year. For management fees please refer to note 9.

**(f) Unitholder transactions**

The value at which units are issued or redeemed is determined by dividing the net asset value of the class by the total number of units outstanding of that class on the Valuation Date. Amounts received on the issuance of units and amounts paid on the redemption of units are included in the statement of changes in financial position.

**(g) Amounts receivable (payable) relating to portfolio assets sold (purchased)**

In accordance with the ETF's policy of trade date accounting for sale and purchase transactions, sales/purchase transactions awaiting settlement, if any, represent amounts receivable/payable for securities sold/purchased, but not yet settled as at the reporting date.

**(h) Net assets attributable to holders of redeemable units per unit**

Net assets attributable to holders of redeemable units per unit is calculated by dividing the ETF's net assets attributable to holders of redeemable units by the number of units of the ETF outstanding on the Valuation Date.

**(i) Transaction costs**

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 any applicable transfer taxes and duties. Transaction costs are expensed and are included in "Transaction costs" in the statement of comprehensive income.

**(j) Changes in accounting policies**

The Fund adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Manager reviewed the accounting policies and made updates to the information disclosed in note 3 in certain instances in line with the amendments.

**Notes to Financial Statements** (continued)

For the Period from Inception on June 7, 2023, to December 31, 2023

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In preparing these financial statements, the Manager has made judgements, 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.

The ETF may hold financial instruments that are not quoted in active markets, including derivatives. The determination of the fair value of these instruments is the area with the most significant accounting judgements and estimates that the ETF has made in preparing the financial statements. See note 6 for more information on the fair value measurement of the ETF's financial instruments.

**5. FINANCIAL INSTRUMENTS RISK**

In the normal course of business, the ETF's investment activities expose it to a variety of financial risks. The Manager seeks to minimize potential adverse effects of these risks for the ETF's performance by employing professional, experienced portfolio advisors, by daily monitoring of the ETF's positions and market events, and periodically may use derivatives to hedge certain risk exposures. To assist in managing risks, the Manager maintains a governance structure that oversees the ETF's investment activities and monitors compliance with the ETF's stated investment strategies, internal guidelines and securities regulations.

Please refer to the most recent prospectus for a complete discussion of the risks attributed to an investment in the units of the ETF. Significant financial instrument risks that are relevant to the ETF, and analysis thereof, are presented below.

**(a) Market risk**

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the ETF's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**(i) Currency risk**

Currency risk is the risk that financial instruments which are denominated in currencies other than the ETF's reporting currency, the Canadian dollar, will fluctuate due to changes in exchange rates and adversely impact the ETF's income, cash flows or fair values of its investment holdings. The ETF may reduce its foreign currency exposure through the use of derivative arrangements such as foreign exchange forward contracts or futures contracts. As at December 31, 2023, the ETF did not have any exposure to foreign currencies.

**(ii) Interest rate risk**

The ETF may be exposed to the risk that the fair value of future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In general, the value of interest-bearing financial instruments will rise if interest rates fall, and conversely, will generally fall if interest rates rise. There is minimal sensitivity to interest rate fluctuation on cash and cash equivalents invested at short-term market rates since those securities are usually held to maturity and are short term in nature.



**Notes to Financial Statements** (continued)

For the Period from Inception on June 7, 2023, to December 31, 2023

As at December 31, 2023, the ETF did not hold any long-term debt instruments and did not have any exposure to interest rate risk.

**(iii) Other market risk**

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. The Manager has implemented internal risk management controls on the ETF which are intended to limit the loss on its trading activities.

The table below shows the estimated impact on the ETF of a 1% increase or decrease in the comparative index, based on historical correlation, with all other factors remaining constant, as at the dates shown. In practice, actual results may differ from this sensitivity analysis and the difference could be material. The historical correlation may not be representative of future correlation.

Comparative Index	December 31, 2023
Solactive Canadian Utility Services High Dividend Index GTR	\$1,763,117

**(b) Credit risk**

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of a counterparty on its obligation to the ETF. It arises principally from debt securities held, and also from derivative financial assets, cash and cash equivalents, and other receivables. The ETF's maximum credit risk exposure as at the reporting date is represented by the respective carrying amounts of any debt instruments, derivative assets, plus any receivables, including accrued income receivable in the statement of financial position. The ETF's credit risk policy is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the credit standards set out in the ETF's prospectus and, when necessary, receiving acceptable collateral.

As at December 31, 2023, due to the nature of its portfolio investments, the ETF did not have any material credit risk exposure.

**(c) Liquidity risk**

Liquidity risk is the risk that the ETF will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The ETF's policy and the Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of units, without incurring unacceptable losses or risking damage to the ETF's reputation. Generally, liabilities of the ETF are due within 90 days. Liquidity risk is managed by investing the majority of the ETF's assets in investments that are traded in an active market and can be readily disposed. The ETF aims to retain sufficient cash and cash equivalent positions to maintain liquidity; therefore, the liquidity risk for the ETF is considered minimal.

**Notes to Financial Statements** (continued)

For the Period from Inception on June 7, 2023, to December 31, 2023

**6. FAIR VALUE MEASUREMENT**

Below is a classification of fair value measurements of the ETF's investments based on a three level fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The hierarchy of fair valuation inputs is summarized as follows:

- Level 1: securities that are valued based on quoted prices in active markets.
- Level 2: securities that are valued based on inputs other than quoted prices that are observable, either directly as prices, or indirectly as derived from prices.
- Level 3: securities that are valued with significant unobservable market data.

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The following is a summary of the inputs used as at December 31, 2023, in valuing the ETF's investments and derivatives carried at fair values:

	December 31, 2023		
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
<b>Financial Assets</b>			
Equities	193,190,556	–	–
<b>Total Financial Assets</b>	<b>193,190,556</b>	–	–
<b>Financial Liabilities</b>			
Options	(1,477,322)	–	–
<b>Total Financial Liabilities</b>	<b>(1,477,322)</b>	–	–
<b>Net Financial Assets and Liabilities</b>	<b>191,713,234</b>	–	–

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the period shown. In addition, there were no investments or transactions classified in Level 3 for the period ended December 31, 2023.

**7. SECURITIES LENDING**

In order to generate additional returns, the ETF is authorized to enter into securities lending agreements with borrowers deemed acceptable in accordance with National Instrument 81-102 – *Investment Funds* ("NI 81-102"). Under a securities lending agreement, the borrower must pay the ETF a negotiated securities lending fee, provide compensation to the ETF equal to any distributions received by the borrower on the securities borrowed, and the ETF must receive an acceptable form of collateral in excess of the value of the securities loaned. Although such collateral is marked to market, the ETF may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities. Revenue, if any, earned on securities lending transactions during the period is disclosed in the ETF's statement of comprehensive income.

As at December 31, 2023, the ETF was not participating in any securities lending transactions. For the period ended December 31, 2023, the ETF did not earn any income from securities lending transactions.

**Notes to Financial Statements** (continued)

For the Period from Inception on June 7, 2023, to December 31, 2023

**8. REDEEMABLE UNITS**

The ETF is authorized to issue an unlimited number of redeemable, transferable Class E units each of which represents an equal, undivided interest in the net assets of the ETF. Each unit entitles the owner to one vote at meetings of unitholders. Each unit is entitled to participate equally with all other units with respect to all payments made to unitholders, other than management fee distributions, whether by way of income or capital distributions and, on liquidation, to participate equally in the net assets of the ETF remaining after satisfaction of any outstanding liabilities that are attributable to units of the ETF. All units will be fully paid and non-assessable, with no liability for future assessments, when issued and will not be transferable except by operation of law.

The redeemable units issued by the ETF provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the ETF's net assets at each redemption date and are classified as liabilities as a result of the ETF's requirement to distribute net income and capital gains to unitholders. The ETF's objectives in managing the redeemable units are to meet the ETF's investment objective, and to manage liquidity risk arising from redemptions. The ETF's management of liquidity risk arising from redeemable units is discussed in note 5.

On any Valuation Date, unitholders of the ETF may (i) redeem units of the ETF for cash at a redemption price per unit equal to 95% of the closing price for units of the ETF on the TSX on the effective day of the redemption, where the units being redeemed are not equal to a prescribed number of units ("PNU") or a multiple PNU; or (ii) redeem, less any applicable redemption charge as determined by the Manager in its sole discretion from time to time, a PNU or a multiple PNU of the ETF for cash equal to the net asset value of that number of units.

Units of the ETF are issued or redeemed on a daily basis at the net asset value per security that is determined as at 4:00 p.m. (Eastern Time) each Valuation Date. Purchase and redemption orders are subject to a 3:00 p.m. (Eastern Time) cutoff time on the business day on Valuation Date.

The ETF is required to distribute all of its income (including net realized capital gains) that it has earned in the year to such an extent that the ETF will not be liable for ordinary income tax thereon. Income earned by the ETF is distributed to unitholders at least once per year, if necessary, and any such amount distributed by the ETF will be paid as a "reinvested distribution". Reinvested distributions on units of the ETF will be reinvested automatically in additional units of the ETF at a price equal to the net asset value per unit of the ETF on such day and the units of the ETF will be immediately consolidated such that the number of outstanding units of the ETF held by each unitholder on such day following the distribution will equal the number of units of the ETF held by the unitholder prior to the distribution. Reinvested distributions are reported as taxable distributions and used to increase each unitholder's adjusted cost base for the ETF. Distributions paid to holders of redeemable units, if any, are recognized in the statement of changes in financial position.

Please consult the ETF's most recent prospectus for a full description of the subscription and redemption features of the ETF's units.

For the period ended December 31, 2023, the number of units issued by subscription, the number of units redeemed, the total and average number of units outstanding was as follows:

<b>Period</b>	<b>Beginning Units Outstanding</b>	<b>Units Issued</b>	<b>Units Redeemed</b>	<b>Ending Units Outstanding</b>	<b>Average Units Outstanding</b>
2023	–	12,820,923	(125,001)	12,695,922	7,870,491

**Notes to Financial Statements** (continued)

For the Period from Inception on June 7, 2023, to December 31, 2023

**9. EXPENSES AND OTHER RELATED PARTY TRANSACTIONS****Management fees**

The Manager provides, or oversees the provision of, administrative services required by the ETF including, but not limited to: negotiating contracts with certain third-party service providers, such as portfolio managers, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; arranging for the maintenance of accounting records for the ETF; preparing reports to unitholders and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements, including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other transactions in units of the ETF; and dealing and communicating with unitholders of the ETF. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager also monitors the investment strategies of the ETF to ensure that the ETF complies with its investment objectives, investment strategies and investment restrictions and practices.

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.65%, plus applicable sales taxes, of the net asset value of the ETF, calculated and accrued daily and payable monthly in arrears.

Any expenses of the ETF that are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

**Other expenses**

In addition to the management fees, unless otherwise waived or absorbed by the Manager, the ETF pays all of its operating expenses, including but not limited to: audit fees; trustee and custodial expenses; administration costs; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to unitholders; listing and annual stock exchange fees; CDS Clearing and Depository Services Inc. fees; bank related fees and interest charges; extraordinary expenses; unitholder reports and servicing costs; registrar and transfer agent fees; costs associated with the Independent Review Committee; income taxes; sales taxes; brokerage expenses and commissions; and withholding taxes.

The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, without notice, or continued indefinitely, at the discretion of the Manager.

**10. BROKER COMMISSIONS, SOFT DOLLARS AND RELATED PARTY TRANSACTIONS**

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

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



**Notes to Financial Statements** (continued)

For the Period from Inception on June 7, 2023, to December 31, 2023

Total brokerage commissions paid to dealers in connection with investment portfolio transactions, soft dollar transactions incurred and amounts paid to related parties of the Manager, if any, for the period ended December 31, 2023, were as follows:

<b>Period Ended</b>	<b>Brokerage Commissions Paid</b>	<b>Soft Dollar Transactions</b>	<b>Amount Paid to Related Parties</b>
December 31, 2023	\$169,968	\$nil	\$nil

In addition to the information contained in the table above, the management fees paid to the Manager described in note 9 are related party transactions, as the Manager is considered to be a related party to the ETF. Fees paid to the Independent Review Committee are also considered to be related party transactions. Both fees are disclosed in the statement of comprehensive income. The management fees payable by the ETF as at December 31, 2023, are disclosed in the statement of financial position.

The ETF may invest in other ETFs managed by the Manager or its affiliates, in accordance with the ETF's investment objectives and strategies. Such investments, if any, are disclosed in the schedule of investments.

**11. INCOME TAX**

The ETF has qualified as a mutual fund trust under the *Income Tax Act* (Canada) (the "Tax Act") and accordingly, is not taxed on the portion of taxable income that is paid or allocated to unitholders. As well, tax refunds (based on redemptions and realized and unrealized gains during the year) may be available that would make it possible to retain some net capital gains in the ETF without incurring any income taxes.

**12. TAX LOSSES CARRIED FORWARD**

Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. Non-capital losses carried forwards may be applied against future years' taxable income. Non-capital losses that are realized in the current taxation period may be carried forward for 20 years. As at December 31, 2023, the ETF has no net capital or non-capital losses available.

**13. OFFSETTING OF FINANCIAL INSTRUMENTS**

In the normal course of business, the ETF may enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. As at December 31, 2023, the ETF did not have any financial instruments eligible for offsetting.

**14. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND UNCONSOLIDATED STRUCTURED ENTITIES**

The ETF may invest in units of other ETFs as part of its investment strategies ("Investee ETF(s)"). The nature and purpose of these Investee ETFs generally, is to manage assets on behalf of third party investors in accordance with their investment objectives, and are financed through the issue of units to investors.



**Notes to Financial Statements** (continued)

For the Period from Inception on June 7, 2023, to December 31, 2023

In determining whether the ETF has control or significant influence over an Investee ETF, the ETF assesses voting rights, the exposure to variable returns, and its ability to use the voting rights to affect the amount of the returns. In instances where the ETF has control over an Investee ETF, the ETF qualifies as an investment entity under IFRS 10 – Consolidated Financial Statements, and therefore accounts for investments it controls at fair value through profit and loss. The ETF's primary purpose is defined by its investment objectives and uses the investment strategies available to it as defined in the ETF's prospectus to meet those objectives. The ETF also measures and evaluates the performance of any Investee ETFs on a fair value basis.

Investee ETFs over which the ETF has control or significant influence are categorized as subsidiaries and associates, respectively. All other Investee ETFs are categorized as unconsolidated structured entities. Investee ETFs may be managed by the Manager, its affiliates, or by third-party managers.

Investments in Investee ETFs are susceptible to market price risk arising from uncertainty about future values of those Investee ETFs. The maximum exposure to loss from interests in Investee ETFs is equal to the total fair value of the investment in those respective Investee ETFs at any given point in time. The fair value of Investee ETFs, if any, are disclosed in investments in the statement of financial position and listed in the schedule of investments. As at December 31, 2023, the ETF did not have material exposure to subsidiaries, associates or unconsolidated structured entities.

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