

# FMAX

**Hamilton U.S.  
Financials YIELD  
MAXIMIZER™ ETF**

## **Hamilton U.S. Financials YIELD MAXIMIZER™ ETF**

*(formerly Hamilton U.S. Financials Yield Maximizer ETF)*

**(FMAX:TSX)**



## HAMILTON ETFs

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## MANAGEMENT REPORT OF FUND PERFORMANCE

This interim management report of fund performance for Hamilton U.S. Financials YIELD MAXIMIZER™ ETF (formerly Hamilton U.S. Financials Yield Maximizer ETF) ("FMAX" or the "ETF") contains financial highlights and is included with the unaudited interim 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 FMAX is to deliver attractive monthly income, while providing exposure to an equal-weighted equity portfolio of financial services companies, primarily domiciled/listed in the United States. To supplement dividend income earned on the equity holdings, mitigate risk, and reduce volatility, FMAX 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 FMAX.

FMAX seeks to achieve its investment objective by investing in an equal-weight large-cap equity portfolio of financial services companies domiciled/listed primarily in the United States. As an alternative to, or in conjunction with investing in and holding the constituent securities, FMAX may also invest in other securities, including other funds to obtain direct or indirect exposure to the same securities in a manner that is consistent with FMAX's investment objective. FMAX may also hold cash and cash equivalents or other money market instruments in order to meet its obligations.

The portfolio adviser will review the portfolio holdings on an ongoing basis for possible additions, removals, or substitutions that, in its discretion, would be beneficial to FMAX and its Unitholders. Issuers included in the portfolio will largely be based on market capitalization, however, the portfolio adviser's rationale for additions, removals, or



## Management Discussion of Fund Performance (continued)

substitutions may include, but not be limited to: (i) its view on the liquidity of an issuer; and (ii) the availability and liquidity of an issuer's options. Changes to the portfolio holdings may occur at the portfolio adviser's discretion, and the entire portfolio will be rebalanced to equal weight at the portfolio adviser's discretion and at least semi-annually.

To mitigate downside risk and generate income, the portfolio adviser will actively manage a covered call strategy of FMAX that will generally write at or slightly out-of-the money call options, at its discretion, on up to 100% of the value of FMAX's portfolio. Notwithstanding the foregoing, FMAX may write covered call options on a lesser percentage of the portfolio, from time to time, at the discretion of the portfolio adviser. FMAX's strategy seeks to generate attractive option premiums to provide increased cashflow available for distribution and reinvestment, downside protection, and lower overall volatility of returns.

The portfolio adviser does not seek to hedge FMAX's non-Canadian dollar currency exposure.

### 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 February 6, 2024, at a net asset value (per unit) ("NAV") of \$16.00 and finished the period on June 30, 2024, at \$16.76. The ETF distributed \$0.808 in cash per unit during the period. To supplement dividend income earned on the equity holdings, mitigate risk and reduce volatility, FMAX employs a covered call option writing program.

### Market Review

Global markets were heavily influenced in the first half of 2024 by the central banks' progress in their war on inflation and the significant resilience of most economies. Notwithstanding dramatic rate tightening in 2022-2023, inflation has proved 'stickier' (slowing more gradually) than expected in many countries. At the same time, economic growth and employment markets have also proved more robust. These surprises led to significant changes in expectations for central bank movements going forward.

For example, 2024 began with consensus expectations for six to seven 25 basis point (bps) cuts in the U.S. Federal Funds Rate; six months forward and the market-implied consensus forecasts only one or two 25 bps cuts, with cuts having yet to begin in the U.S.

The fewer anticipated U.S. rate cuts translated into reduced expectations for incremental monetary stimulus, which was expected to have had a dampening effect on both bond and equity markets. Instead, while bond markets have struggled year to date, equity markets have performed well, particularly in the U.S.

Geopolitical events, however, continue to cast shadows on markets, although the conflicts in Ukraine and the Middle East have not materially driven markets in 2024 so far. More significant have been elections, such as in India and Mexico, and expectations for elections yet to take place in France, the U.K. and the U.S., any of which could lead to a sea change in policies from new administrations.



## Management Discussion of Fund Performance (continued)

The U.S. financial sector navigated a mixed landscape, influenced significantly by the uncertain timeline around interest rate reductions and other macroeconomic factors in the period, between the ETF's launch and the end of the first half of 2024, but ultimately ended higher. The banking subsector continued to see outflows of demand deposits into money market funds as interest rates remained high, while wealth and asset management firms' performance was helped by the strength and recovery of capital markets. Insurers' results were mixed with most life insurance companies treading water, while property and casualty insurers and reinsurers continue to enjoy healthy pricing environments. Despite the macro outlook uncertainty, the U.S. banks passed the Federal Reserve's stress test in late June, leading to increases in dividends and share buyback programs.

### **Portfolio Review**

The ETF invests in a large-cap equity portfolio of financial services companies domiciled/listed primarily in the United States. The holdings are equally weighted and rebalanced semi-annually. No changes were made to the ETF's holdings over the period.

The ETF's performance benefited from diversification within the financial services sector. Among the most significant positive contributors were Wells Fargo & Co, Bank of America Corp, and Charles Schwab Corp. Notably, Wells Fargo & Co and Bank of America Corp ended the period at or near year-to-date highs. On the other hand, Visa Inc, Mastercard Inc, and CME Group Inc. were the largest detractors from the ETF's performance. Both Visa and Mastercard experienced a performance reversal in the final days of June, due to a revision of an antitrust settlement, resulting in negative returns for the period.

The call option premiums from the covered call strategy tend to rise in a higher volatility environment. The volatility of the U.S. stock market, measured by the Chicago Board Options Exchange Volatility Index (VIX), remained relatively consistent in the first half of the year. This was no different for the financial sector, where the volatility also remained consistent and similar to pre-COVID levels. The Manager made some minor adjustments in the coverage ratio during the period to adjust for both the strong performance and the lower volatility.

### **Outlook**

The likelihood that the U.S. economy will avoid a recession in 2024 has increased significantly. The stabilization of inflation, interest rates, continued GDP growth, as well as successful stress test results, suggests a positive environment for the remainder of 2024 for the U.S. financial sector.

However, uncertainty and risks remain, including the timing of the first rate cut by the Federal Reserve, the number of interest rate cuts this year, if any, and the U.S. Presidential election in November, which could lead to a sea change in policies from a new administration. All could lead to further volatility for the stock market and increased option premiums received in the covered call strategy overlay. Option 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 February 6, 2024, to June 30, 2024, the ETF generated net investment income from investments and derivatives (which includes changes in the fair value of the ETF's portfolio) of \$4,328,491. The ETF incurred management, operating and transaction expenses of \$253,165 of which \$15,840 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 \$2,480,065 to unitholders during the period.



## Management Discussion of Fund Performance (continued)

### **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**

Other than indicated below, there are no recent industry, management or ETF-related developments that are pertinent to the present and future of the ETF.

### **Name Change**

On June 5th, 2024, the Manager announced a name change to Hamilton U.S. Financials YIELD MAXIMIZER™ ETF.

### **Taxable Capital Gains Inclusion Rate Change**

For capital gains or losses realized on or after June 25, 2024, Tax Amendments to the Tax Act, increase the capital gains inclusion rate from one-half to two-thirds of any capital gain realized for a trust.

### **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 11) 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 June 30, 2024, 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 February 6, 2024. This information is derived from the ETF's unaudited interim 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

Period <sup>(1)</sup>	2024
<b>Net assets per unit, beginning of period</b>	\$ 16.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.10
Total expenses	(0.08)
Realized gains (losses) for the period	0.19
Unrealized gains (losses) for the period	1.19
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>1.40</b>
<b>Distributions:</b>	
From net investment income (excluding dividends)	(0.81)
<b>Total distributions <sup>(3)</sup></b>	<b>(0.81)</b>
<b>Net assets per unit, end of period <sup>(4)</sup></b>	<b>\$ 16.76</b>

1. This information is derived from the ETF's unaudited interim 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>Period</b> <sup>(1)</sup>	<b>2024</b>
Net asset value (000's)	\$ 58,018
Number of units outstanding (000's)	3,463
Management expense ratio <sup>(2)</sup>	0.80%
Management expense ratio before waivers and absorptions <sup>(3)</sup>	0.88%
Trading expense ratio <sup>(4)</sup>	0.19%
Portfolio turnover rate <sup>(5)</sup>	19.72%
Net asset value per unit, end of period	\$ 16.76
Closing market price	\$ 16.75

1. This information is provided as at June 30, 2024.
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>
89%	11%



## Past Performance

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



**Summary of Investment Portfolio**

As at June 30, 2024

<b>Asset Mix</b>	<b>Net Asset Value</b>	<b>% of ETF's Net Asset Value</b>
<b>Long Positions</b>		
U.S. Equities	\$ 54,417,406	93.79%
Global Equities	2,830,084	4.88%
Cash and Cash Equivalents	445,124	0.77%
Other Assets less Liabilities	660,689	1.14%
<b>Short Positions</b>		
Global Equity Call Options	(4,104)	-0.01%
U.S. Equity Call Options	(331,074)	-0.57%
	<b>\$ 58,018,125</b>	<b>100.00%</b>

<b>Sector Mix</b>	<b>Net Asset Value</b>	<b>% of ETF's Net Asset Value</b>
<b>Long Positions</b>		
Financials	\$ 51,962,242	89.56%
Information Technology	5,285,248	9.11%
Cash and Cash Equivalents	445,124	0.77%
Other Assets less Liabilities	660,689	1.14%
<b>Short Positions</b>		
Equity Call Options	(335,178)	-0.58%
	<b>\$ 58,018,125</b>	<b>100.00%</b>

**Summary of Investment Portfolio** (continued)

As at June 30, 2024

<b>Top 25 Holdings</b>	<b>% of ETF's Net Asset Value</b>
<b>Long Positions</b>	
Bank of America Corp.	5.51%
JPMorgan Chase & Co.	5.30%
S&P Global Inc.	5.27%
American Express Co.	5.26%
Goldman Sachs Group Inc. (The)	5.24%
Charles Schwab Corp. (The)	5.15%
Wells Fargo & Co.	5.12%
Citigroup Inc.	5.11%
Marsh & McLennan Cos. Inc.	5.09%
Progressive Corp. (The)	5.05%
Fiserv Inc.	5.02%
Intercontinental Exchange Inc.	4.96%
BlackRock Inc.	4.92%
Chubb Ltd.	4.88%
Berkshire Hathaway Inc.	4.88%
Blackstone Inc.	4.82%
Mastercard Inc.	4.60%
CME Group Inc.	4.59%
Visa Inc.	4.51%
Morgan Stanley	3.39%
Cash and Cash Equivalents	0.77%
<b>Short Positions</b>	
Charles Schwab Corp. (The), Call Options	-0.06%
Citigroup Inc., Call Options	-0.06%
JPMorgan Chase & Co., Call Options	-0.06%
Wells Fargo & Co., Call Options	-0.06%

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 unaudited interim financial statements of Hamilton U.S. Financials YIELD MAXIMIZER™ ETF (formerly Hamilton U.S. Financials 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.

Robert Wessel  
Director  
Hamilton Capital Partners Inc.

Jennifer Mersereau  
Director  
Hamilton Capital Partners Inc.

### NOTICE TO UNITHOLDERS

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

Hamilton Capital Partners Inc., the Manager of the ETF, appoints an independent auditor to audit the ETF's annual financial statements.

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



**Statement of Financial Position** (unaudited)

As at June 30, 2024

**2024**

**Assets**

Cash and cash equivalents	\$ 445,124
Investments (note 6)	57,247,490
Amounts receivable relating to accrued income	8,459
Amounts receivable relating to portfolio assets sold	1,374,383
Amounts receivable relating to securities issued	418,677

**Total assets**

**59,494,133**

**Liabilities**

Accrued management fees (note 9)	33,459
Accrued operating expenses	16,782
Amounts payable for portfolio assets purchased	535,396
Distribution payable	555,193
Derivative liabilities (note 3)	335,178

**Total liabilities**

**1,476,008**

**Net assets (note 2)**

**\$ 58,018,125**

Number of redeemable units outstanding (note 8)	3,462,725
Net assets per unit	\$ 16.76

(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** (unaudited)

For the Period from Inception on January 12, 2024, to June 30, 2024

**2024****Income**

Dividend income	\$	303,492
Net realized gain (loss) on sale of investments and derivatives		563,219
Net realized gain (loss) on foreign exchange		(646)
Net change in unrealized appreciation (depreciation) of investments and derivatives		3,462,059
Net change in unrealized appreciation (depreciation) of foreign exchange		367

**4,328,491****Expenses (note 9)**

Management fees		139,979
Independent Review Committee fees		378
Custodial and fund valuation fees		12,073
Securityholder reporting costs		13,889
Administration fees		6,173
Transaction costs		36,357
Withholding taxes		44,316

**253,165**

Amounts that were payable by the investment fund that were paid or absorbed by the Manager		(15,840)
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**237,325**

<b>Increase (decrease) in net assets for the period</b>	<b>\$</b>	<b>4,091,166</b>
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Increase (decrease) in net assets per unit	\$	1.40
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(See accompanying notes to financial statements)



**Statement of Changes in Financial Position** (unaudited)

For the Period from Inception on January 12, 2024, to June 30, 2024

	<b>2024</b>
<b>Net assets at the beginning of the period</b>	\$ -
<b>Increase (decrease) in net assets</b>	4,091,166
<b>Redeemable unit transactions</b>	
Proceeds from the issuance of units of the ETF	60,209,340
Aggregate amounts paid on redemption of units of the ETF	(3,806,120)
Securities issued on reinvestment of distributions	3,804
Distributions:	
From net investment income	(2,480,065)
<b>Net assets at the end of the period</b>	<b>\$ 58,018,125</b>

(See accompanying notes to financial statements)

**Statement of Cash Flows** (unaudited)

For the Period from Inception on January 12, 2024, to June 30, 2024

**2024****Cash flows from operating activities:**

Increase (decrease) in net assets for the period	\$	4,091,166
Adjustments for:		
Net realized (gain) loss on sale of investments and derivatives		(563,219)
Net change in unrealized (appreciation) depreciation of investments and derivatives		(3,462,059)
Net change in unrealized (appreciation) depreciation of foreign exchange		(400)
Purchase of investments		(4,676,375)
Proceeds from the sale of investments		5,117,307
Amounts receivable relating to accrued income		(8,459)
Accrued expenses		50,241

<b>Net cash from (used in) operating activities</b>		<b>548,202</b>
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**Cash flows from financing activities:**

Amount received from the issuance of units		1,816,130
Amount received on redemptions of units		1,460
Distributions paid to unitholders		(1,921,068)
Loan facility		-

<b>Net cash from (used in) financing activities</b>		<b>(103,478)</b>
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<b>Net increase (decrease) in cash and cash equivalents during the period</b>		<b>444,724</b>
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Effect of exchange rate fluctuations on cash and cash equivalents		<b>400</b>
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<b>Cash and cash equivalents at beginning of period</b>		<b>-</b>
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<b>Cash and cash equivalents at end of period</b>	<b>\$</b>	<b>445,124</b>
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Dividends received, net of withholding taxes	\$	250,717
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(See accompanying notes to financial statements)

**Schedule of Investments** (unaudited)

As at June 30, 2024

Security	Shares/ Contracts	Average Cost	Fair Value
<b>U.S. EQUITIES (93.79%)</b>			
<b>Financials (84.68%)</b>			
American Express Co.	9,639	2,824,367	3,053,365
Bank of America Corp.*	58,744	2,738,887	3,196,105
Berkshire Hathaway Inc., Class 'B'*	5,085	2,785,205	2,829,918
BlackRock Inc.*	2,650	2,853,354	2,854,297
Blackstone Inc., Class 'A'*	16,497	2,822,809	2,794,008
Charles Schwab Corp. (The)*	29,663	2,636,877	2,990,375
Citigroup Inc.*	34,154	2,582,378	2,965,129
CME Group Inc.*	9,898	2,778,381	2,662,153
Fiserv Inc.*	14,297	2,830,496	2,915,075
Goldman Sachs Group Inc. (The)	4,915	2,633,243	3,041,384
Intercontinental Exchange Inc.*	15,366	2,796,509	2,877,627
JPMorgan Chase & Co.*	11,103	2,718,622	3,072,220
Marsh & McLennan Cos. Inc.*	10,252	2,765,882	2,955,400
Morgan Stanley	14,807	1,759,183	1,968,750
Progressive Corp. (The)*	10,318	2,643,038	2,931,939
S&P Global Inc.*	5,009	2,930,868	3,056,243
Wells Fargo & Co.*	36,532	2,546,848	2,968,170
		45,646,947	49,132,158
<b>Information Technology (9.11%)</b>			
Mastercard Inc., Class 'A'*	4,423	2,763,188	2,669,408
Visa Inc., Class 'A'	7,285	2,728,037	2,615,840
		5,491,225	5,285,248
<b>TOTAL U.S. EQUITIES</b>		<b>51,138,172</b>	<b>54,417,406</b>
<b>GLOBAL EQUITIES (4.88%)</b>			
<b>Financials (4.88%)</b>			
Chubb Ltd.*	8,110	2,737,742	2,830,084
<b>TOTAL GLOBAL EQUITIES</b>		<b>2,737,742</b>	<b>2,830,084</b>
<b>DERIVATIVES (-0.58%)</b>			
<b>SHORT POSITIONS (-0.58%)</b>			
<b>Global Equity Call Options (-0.01%)</b>			
Chubb Ltd., July 2024, \$265.00 USD	(30)	(21,737)	(4,104)
		(21,737)	(4,104)

**Schedule of Investments** (unaudited) (continued)

As at June 30, 2024

Security	Shares/ Contracts	Average Cost	Fair Value
<b>U.S. Equity Call Options (-0.57%)</b>			
Bank of America Corp., July 2024, \$40.00 USD	(225)	(31,396)	(30,781)
Berkshire Hathaway Inc., Class 'B', July 2024, \$415.00 USD	(20)	(17,723)	(5,500)
BlackRock Inc., July 2024, \$800.00 USD	(10)	(27,874)	(17,169)
Blackstone Inc., July 2024, \$125.00 USD	(61)	(33,213)	(28,749)
Charles Schwab Corp. (The), July 2024, \$74.00 USD	(110)	(32,646)	(33,483)
Citigroup Inc., July 2024, \$63.00 USD	(130)	(34,590)	(35,125)
CME Group Inc., July 2024, \$195.00 USD	(38)	(23,815)	(21,834)
Fiserv Inc., July 2024, \$152.50 USD	(55)	(19,075)	(9,970)
Intercontinental Exchange Inc., July 2024, \$140.00 USD	(59)	(16,837)	(5,650)
JPMorgan Chase & Co., July 2024, \$200.00 USD	(43)	(32,638)	(38,090)
Marsh & McLennan Cos. Inc., July 2024, \$210.00 USD	(23)	(21,706)	(13,058)
Marsh & McLennan Cos. Inc., July 2024, \$220.00 USD	(15)	(3,164)	(1,385)
Mastercard Inc., Class 'A', July 2024, \$445.00 USD	(16)	(19,542)	(16,307)
Progressive Corp. (The), July 2024, \$215.00 USD	(40)	(27,376)	(15,596)
S&P Global Inc., July 2024, \$445.00 USD	(19)	(22,312)	(20,794)
Wells Fargo & Co., July 2024, \$59.00 USD	(136)	(35,980)	(37,583)
		(399,887)	(331,074)
<b>TOTAL DERIVATIVES</b>		<b>(421,624)</b>	<b>(335,178)</b>
Transaction Costs		(4,037)	
<b>TOTAL INVESTMENT PORTFOLIO (98.09%)</b>		<b>\$ 53,450,253</b>	<b>\$ 56,912,312</b>
<b>Cash and cash equivalents (0.77%)</b>			445,124
<b>Other assets less liabilities (1.14%)</b>			660,689
<b>NET ASSETS (100.00%)</b>			<b>\$ 58,018,125</b>

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

(See accompanying notes to financial statements)

**Notes to Financial Statements** (unaudited)

For the Period from Inception on January 12, 2024, to June 30, 2024

**1. REPORTING ENTITY**

Hamilton U.S. Financials YIELD MAXIMIZER™ ETF (formerly *Hamilton U.S. Financials Yield Maximizer ETF*) (“FMAX” or the “ETF”) is an investment trust established under the laws of the Province of Ontario by Declaration of Trust on January 12, 2024. The ETF effectively began operations on February 6, 2024. 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 FMAX. 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 FMAX is to deliver attractive monthly income, while providing exposure to an equal-weighted equity portfolio of financial services companies, primarily domiciled/listed in the United States. To supplement dividend income earned on the equity holdings, mitigate risk, and reduce volatility, FMAX 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 August 19, 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** (unaudited) (continued)

For the Period from Inception on January 12, 2024, to June 30, 2024

**(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** (unaudited) (continued)

For the Period from Inception on January 12, 2024, to June 30, 2024

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** (unaudited) (continued)

For the Period from Inception on January 12, 2024, to June 30, 2024

**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 June 30, 2024. The total fair value of collateral pledged as at June 30, 2024 is \$21,851,233.

**(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 period-end exchange rate. Foreign exchange gains and losses are presented as "Net realized gain (loss) on foreign

**Notes to Financial Statements** (unaudited) (continued)

For the Period from Inception on January 12, 2024, to June 30, 2024

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.

**(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 period. 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.

**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.



**Notes to Financial Statements** (unaudited) (continued)

For the Period from Inception on January 12, 2024, to June 30, 2024

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 advisers, 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. The following table indicates the foreign currencies to which the ETF had significant exposure as at June 30, 2024, in Canadian dollar terms and the potential impact on the ETF's net assets (including the underlying principal amount of future or forward currency contracts, if any), as a result of a 1% change in these currencies relative to the Canadian dollar:

June 30, 2024	Financial Instruments	Currency Forward and/ or Futures Contracts	Total	Impact on Net Asset Value
Currency	(\$000's)	(\$000's)	(\$000's)	(\$000's)
U.S. Dollar	58,036	–	58,036	580
Total	58,036	–	58,036	580
As % of Net Value	100.0%	–	100.0%	1.0%



**Notes to Financial Statements** (unaudited) (continued)

For the Period from Inception on January 12, 2024, to June 30, 2024

**(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.

As at June 30, 2024, 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	June 30, 2024
Financial Select Sector Total Return Index	\$514,931

**(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 June 30, 2024, 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** (unaudited) (continued)

For the Period from Inception on January 12, 2024, to June 30, 2024

**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 June 30, 2024, in valuing the ETF's investments and derivatives carried at fair values:

	<b>June 30, 2024</b>		
	<b>Level 1 (\$)</b>	<b>Level 2 (\$)</b>	<b>Level 3 (\$)</b>
<b>Financial Assets</b>			
Equities	57,247,490	–	–
<b>Total Financial Assets</b>	<b>57,247,490</b>	–	–
<b>Financial Liabilities</b>			
Options	(335,178)	–	–
<b>Total Financial Liabilities</b>	<b>(335,178)</b>	–	–
<b>Net Financial Assets &amp; Liabilities</b>	<b>56,912,312</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 classified in Level 3 for the period ended June 30, 2024.

**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 June 30, 2024, the ETF was not participating in any securities lending transactions. For the period ended June 30, 2024, the ETF did not earn any income from securities lending transactions.



**Notes to Financial Statements** (unaudited) (continued)

For the Period from Inception on January 12, 2024, to June 30, 2024

**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 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 June 30, 2024, the number of units issued by subscription, the number of units redeemed, the total and average number of units outstanding was as follows:

Period	Beginning Units Outstanding	Units Issued	Units Redeemed	Ending Units Outstanding	Average Units Outstanding
2024	–	3,687,726	(225,001)	3,462,725	2,931,422

**Notes to Financial Statements** (unaudited) (continued)

For the Period from Inception on January 12, 2024, to June 30, 2024

**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** (unaudited) (continued)

For the Period from Inception on January 12, 2024, to June 30, 2024

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 June 30, 2024, were as follows:

Period Ended	Brokerage Commissions Paid	Soft Dollar Transactions	Amount Paid to Related Parties
June 30, 2024	\$13,283	\$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 June 30, 2024, 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.

**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 June 30, 2024, 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. At no time, would the ETF provide financial or other support to any Investee ETF, including assisting any Investee ETF in obtaining financial support.

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



**Notes to Financial Statements** (unaudited) (continued)

For the Period from Inception on January 12, 2024, to June 30, 2024

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 June 30, 2024, the ETF did not have exposure to subsidiaries, associates or unconsolidated structured entities.

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