

# Annual Financial Statements

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## Evovest Global Equity ETF

For the period ended December 31, 2024

# Evovest Global Equity ETF

## Financial Statements

### Statement of Financial Position

(In thousands Canadian dollars, except per unit amounts)

	Note	December 31, 2024
		\$
<b>Assets</b>		
<b>Current assets</b>		
Investments	5	40,711
Cash		391
Proceeds from sale of investments receivable		1,123
Interest receivable		7
Dividends receivable		35
<b>Total assets</b>		<b>42,267</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Unrealized depreciation on foreign exchange contracts		1
Distributions payable		327
Investments payable		1,199
Accrued expenses		29
<b>Total liabilities (excluding net assets attributable to holders of redeemable units)</b>		<b>1,556</b>
<b>Net assets attributable to holders of redeemable units</b>	2	<b>40,711</b>
<b>Net assets attributable to holders of redeemable units per unit</b>	2	<b>22.31</b>

Approved on behalf of the board of directors of National Bank Investments Inc.

**Jean-Philippe Cadieux**

Director

**The Giang Diep**

Director

### Statement of Comprehensive Income for the Period Ended

**December 31**

(In thousands Canadian dollars, except per unit amounts)

	Note	2024 (284 days)
		\$
<b>Income</b>	2	
Interest income for distribution purposes		32
Dividends income		584
Changes in fair value		
Net realized gains (losses) on sale of investments		2,310
Net realized gains (losses) on foreign currencies		(68)
Net realized gains (losses) on forwards currency		82
Change in net unrealized appreciation/depreciation on investments		777
<b>Total income</b>		<b>3,717</b>
<b>Expenses</b>	7	
Management fees		177
Fees paid by the manager		(39)
Withholding taxes	2	96
Transaction costs on purchase and sale of investments	8	105
<b>Total expenses</b>		<b>339</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	2	<b>3,378</b>
<b>Average number of units</b>	2	<b>1,275,704</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit</b>	2	<b>2.65</b>

*The accompanying notes are an integral part of these financial statements.*

**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units for the Period Ended December 31**  
(In thousands Canadian dollars, except per unit amounts)

	Note	2024 (284 days)
		\$
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		3,378
<b>Redeemable units transactions</b>	6	
Proceeds from redeemable units issued		37,660
Reinvestments of distributions to holders of redeemable units		1,966
<b>Total redeemable units transactions</b>		39,626
<b>Distributions to investors</b>	2	
Net investment income		318
Net realized gain		1,975
<b>Total distributions to investors</b>		2,293
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>		40,711
<b>Net assets attributable to holders of redeemable units, end of the year</b>		40,711
<b>Redeemable unit transactions</b>		
Redeemable units issued		1,825,000
<b>Redeemable units outstanding, end of the year</b>		1,825,000

*The accompanying notes are an integral part of these financial statements.*

**Statement of Cash Flows for the Period Ended December 31**

(in thousands Canadian dollars)

	Note	2024 (284 days) \$
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	2	3,378
Adjustments for:		
Net realized (gains) losses on sale of investments		(2,310)
Net realized (gains) losses on foreign currencies		68
Net realized (gains) losses on forwards currency		(82)
Change in net unrealized appreciation/depreciation on investments		(777)
Purchases of investments		(132,218)
Proceeds from sale and maturity of investments		94,753
Interest receivable		(7)
Dividends receivable		(35)
Accrued expenses		29
<b>Net cash from (used in) operating activities</b>		<b>(37,201)</b>
<b>Cash flows from (used in) financing activities</b>	2	
Proceeds from issuances of redeemable units		37,660
<b>Net cash from (used in) financing activities</b>		<b>37,660</b>
Net realized gains (losses) on foreign currencies		(68)
Net increase (decrease) for the year		459
<b>Cash (bank overdraft), end of the year</b>		<b>391</b>
<b>Included in cash flows from operating activities</b>		
Interest received		25
Dividends received, net of withholding taxes		453

*The accompanying notes are an integral part of these financial statements.*

# Fund Specific Notes

## Investment Objective and Strategies

The Evovest Global Equity ETF's investment objective is to provide long-term capital growth. It invests, directly or indirectly through investments in securities of other investment funds, in a diverse portfolio comprised primarily of common shares of companies located around the world. The ETF may invest, directly or indirectly through investments in securities of other investment funds, up to 15% of its net assets in emerging market securities.

In selecting securities for its portfolio, the portfolio manager relies on its proprietary machine learning models ("ML models"). ML models are quantitative algorithms that generate predictive results based on the historical data it is asked to treat.

## General Information

Date Operations Commenced (Note 1)	Distribution of Net Income (Note 2)	Distribution of Gains (Note 2)	Annual Management Fees (Maximum) (Note 7)
March 28, 2024	A	A	% 0.73

## Structured Entities (Note 2)

(In thousands Canadian dollars)

	Fair Value December 31, 2024 \$
Trust Unit	1,281

## Currency Risk (Note 5)

Currency	December 31, 2024	
	Net exposure	Net assets attributable to holders of redeemable units
	\$	%
American Dollar	16,708,685	41.0
Australian Dollar	2,300,067	5.6
Euro	10,329,682	25.4
Hong Kong Dollar	858,342	2.1
Japanese Yen	6,296,270	15.5
Singapore Dollar	137,930	0.3
Swedish Krona	394,760	1.0
Swiss Franc	848,972	2.1

This fund has no investments in other mutual funds or exchange traded funds.

Numbers shown could include monetary and non-monetary instruments, and derivatives if appropriate.

Based on the assumption that the Canadian Dollar had risen or fallen by 5% in relation to all other currencies, with all other variables held constant, net asset and results of the fund would have varied by approximately \$ 1,893,735.

## Price Risk (Note 5)

The Fund's Benchmark Composition	December 31, 2024	
	Impact on Net Assets and Results \$	Percentage of Net Assets %
Index MSCI Monde RT Net USD (100%)		
CA Londres 11:00 ±	2,625,884	6.5

The impact is presented in the event that the benchmark's performance would rise or fall by 10%, with all variables held constant. This impact is presented on a 10-month historical correlation between the fund's fluctuating performance and the reference index.

## Concentration Risk (Note 5)

Weighting by Sector	Percentage of Net Asset as at December 31, 2024
	%
Australia	5.6
Belgium	0.8
Canada	6.0
China	0.4
France	5.5
Germany	3.6
Hong Kong	1.7
Italy	5.4
Japan	15.4
Netherlands	2.6
Singapore	0.3
Spain	6.7
Sweden	1.0
Switzerland	3.0
United States	42.0

## Fair Value of Financial Instruments Table (Note 5)

December 31, 2024	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Common shares	40,711,176	-	-	40,711,176
Derivatives assets	-	181	-	181
Derivatives liabilities	-	(676)	-	(676)
Total derivatives instruments	-	(495)	-	(495)

During the year ended December 31, 2024, there were no significant transfers of investments between Level 1, Level 2 and Level 3.

## Brokerage Commissions and Soft Dollars (Note 7)

(In thousands Canadian dollars)

	December 31, 2024 \$
Total Commissions	59
Related Entities	28

## Schedule of Investments as at December 31, 2024

(In Canadian dollars)

	Number of shares	Average Cost \$	Fair Value \$		Number of shares	Average Cost \$	Fair Value \$
<b>Canadian Equities (6.0%)</b>				<b>Germany (3.6%)</b>			
<b>Communication Services (0.7%)</b>				Commerzbank AG	16,796	361,278	393,391
Cogeco Communications Inc.	4,237	298,774	285,362	Deutsche Bank AG	15,473	369,331	383,369
<b>Consumer Staples (0.4%)</b>				Freenet AG	2,021	76,383	82,874
Empire Company Ltd., Class A	3,940	162,643	172,927	Rheinmetall AG	364	294,971	333,107
<b>Energy (1.7%)</b>				Zalando SE	5,400	266,746	260,432
Keyera Corp.	7,234	261,613	318,007			1,368,709	1,453,173
Secure Energy Services Inc.	23,398	374,393	380,451	<b>Hong Kong (1.7%)</b>			
		636,006	698,458	Alibaba Health Information Technology Ltd.	580,000	361,089	356,390
<b>Financials (1.0%)</b>				Budweiser Brewing Co APAC Ltd.	213,300	308,564	295,687
Great-West Lifeco Inc.	1,183	57,719	56,394	CTF Services Limited	37,000	51,556	53,003
Power Corporation of Canada	7,807	362,401	350,066			721,209	705,080
		420,120	406,460	<b>Italy (5.4%)</b>			
<b>Health Care (0.2%)</b>				A2A SpA	96,556	254,085	309,106
Chartwell Retirement Residences	4,511	67,620	68,026	Azimut Holding SPA	10,798	385,463	385,712
<b>Industrials (0.2%)</b>				Banca Monte dei Paschi di Siena SpA	37,720	294,466	382,480
Stantec Inc.	859	92,540	96,878	BPER Banca	39,022	292,576	356,172
<b>Materials (1.1%)</b>				Italgas SPA	46,987	386,325	378,499
Kinross Gold Corp.	6,779	82,772	90,500	Saipem SpA	41,639	156,912	155,619
Lundin Gold Inc.	11,131	338,076	341,276	UniCredit SpA	1,328	76,842	76,188
		420,848	431,776	Webuild SpA	32,400	120,350	137,493
<b>Real Estate (0.7%)</b>						1,967,019	2,181,269
Boardwalk Real Estate Investment Trust	4,430	344,692	284,628	<b>Japan (15.4%)</b>			
<b>Total Canadian Equities</b>		2,443,243	2,444,515	Astellas Pharma Inc.	20,500	320,901	287,383
<b>International Equities (94.0%)</b>				Daito Trust Construction Co. Ltd.	2,000	307,982	321,118
<b>Australia (5.6%)</b>				Fast Retailing Co. Ltd.	700	313,454	344,177
Brambles Ltd.	10,081	171,136	172,567	Fujikura Ltd.	6,500	347,052	388,832
CSL Ltd.	1,261	331,596	315,911	IHI Corp.	4,500	339,233	382,779
Evolution Mining Ltd.	76,394	301,626	326,928	Japan Retail Fund Investment Corp.	150	120,227	123,605
GPT GROUP	32,953	139,131	128,122	Kakaku.com Inc.	3,200	67,845	70,747
Lottery Corp. Ltd./The	34,943	158,890	153,580	KDDI Corp.	7,300	319,032	336,252
Netwealth Group Ltd.	3,567	98,400	91,241	Kobe Bussan Co. Ltd.	12,000	377,340	377,120
Orica Ltd.	13,045	216,559	192,432	Kose Corp.	1,900	115,612	124,611
REA Group Ltd.	654	150,165	135,756	Kyudenko Corp.	7,800	362,650	368,689
SGH Ltd.	4,485	147,449	183,995	LIXIL Group Corporation	11,000	177,617	173,399
Technology One Ltd.	6,984	172,023	194,552	Oracle Corp Japan	2,400	303,096	332,282
Vicinity Centres	214,874	396,901	401,469	Orix JREIT Inc.	220	337,229	329,815
		2,283,876	2,296,553	Sanrio Co. Ltd.	3,500	118,503	177,140
<b>Belgium (0.8%)</b>				Sekisui House Ltd.	9,200	311,354	317,870
Ageas	3,416	216,261	238,550	Shimano Inc.	1,700	378,433	332,200
KBC Ancora	1,037	73,522	77,976	Shin-Etsu Chemical Co. Ltd.	7,800	365,767	377,383
		289,783	316,526	Softbank Corp.	97,000	175,610	176,257
<b>China (0.4%)</b>				Sumitomo Forestry Co. Ltd.	7,600	364,609	367,568
Longfor Group Holdings Ltd.	36,500	68,036	67,554	Sumitomo Rubber Industries Inc.	8,700	134,793	141,753
Meituan Dianping	2,900	83,613	81,422	TOTO Ltd.	1,600	59,538	55,618
		151,649	148,976	Yaskawa Electric Corp.	10,100	377,448	375,263
<b>France (5.5%)</b>						6,095,325	6,281,861
Alten SA	1,993	239,563	234,584	<b>Netherlands (2.6%)</b>			
BNP Paribas	2,863	269,423	252,452	ASR Nederland NV	3,003	211,265	204,701
Carmila SA	2,867	67,337	68,388	Heineken Holding NV	4,420	392,948	380,728
Nexans SA	2,286	364,315	354,677	SBM OFFSHORE NV	6,588	167,101	166,368
Orange	14,436	224,016	206,953	Signify NV	9,270	297,202	297,866
Renault	5,899	376,770	413,264			1,068,516	1,049,663
Société Générale	8,372	340,548	338,570	<b>Singapore (0.3%)</b>			
SPIE SA	8,439	384,587	377,468	SATS Ltd.	36,000	139,488	137,930
		2,266,559	2,246,356	<b>Spain (6.7%)</b>			
				Aena SA	1,059	268,581	311,267
				Banco Bilbao Vizcaya SA	7,227	98,851	101,712
				Banco de Sabadell SA	139,360	401,224	389,486
				Banco Santander Central Hispano SA	18,776	128,124	124,815
				CaixaBank SA	30,550	247,035	238,177
				Cia de Distribucion Integral Logista Holdings SA	8,687	374,509	377,437
				Indra Sistemas SA	9,498	258,267	241,551

# Schedule of Investments as at December 31, 2024

(In Canadian dollars)

	Number of shares	Average Cost \$	Fair Value \$		Number of shares	Average Cost \$	Fair Value \$
Mapfre SA	105,011	372,369	382,455	Targa Resources Corp.	1,255	330,036	321,888
Telefonica SA	35,652	212,626	208,996	Tetra Tech Inc.	6,487	374,554	371,498
Unicaja Banco S.A.	180,900	329,653	343,161	Thermo Fisher Scientific Inc.	367	264,339	274,444
		<u>2,691,239</u>	<u>2,719,057</u>	TopBuild Corp.	833	373,867	372,127
<b>Sweden (1.0%)</b>				Tradeweb Markets Inc.	1,800	329,840	338,744
Indutrade AB	10,969	385,846	394,760	Tyson Foods Inc., Class A	4,167	372,281	344,057
<b>Switzerland (3.0%)</b>				Ventas Inc.	4,556	385,909	385,672
Baloise Holding AG	358	91,125	93,049	Verizon Communications Inc.	4,746	263,049	273,022
DSM-Firmenich AG	2,500	366,903	363,758	Zions Bancorporation	4,340	278,699	338,316
Flughafen Zuerich AG	283	90,244	97,537			<u>16,905,009</u>	<u>17,122,727</u>
Sika AG	1,093	376,993	373,589	<b>Total International Equities</b>		<u>37,491,282</u>	<u>38,266,661</u>
Sulzer AG	310	58,945	64,321				
Swissquote Group Holding SA	400	172,845	220,476	<b>Total Investments (100.0%)</b>		<u>39,934,525 *</u>	<u>40,711,176</u>
		<u>1,157,055</u>	<u>1,212,730</u>	<b>Unrealized Depreciation on Foreign Exchange Contracts (0.0%)</b>			(495)
<b>United States (42.0%)</b>				<b>Cash and Other Net Assets (0.0%)</b>			693
Allstate Corp.	1,196	275,143	331,443	<b>Net Assets (100%)</b>			<u>40,711,374</u>
AmerisourceBergen Corp.	1,028	339,231	332,009				
Antero Midstream Corp.	13,964	267,727	302,895				
Apple Inc.	410	122,577	147,586				
AT&T Inc.	10,793	257,983	353,418				
AutoZone Inc.	57	241,404	262,474				
Biogen Idec Inc.	500	124,772	109,907				
Booz Allen Hamilton Holding Corp., Class A	1,050	268,091	194,205				
CACI International Inc., Class A	670	420,318	389,147				
Cardinal Health Inc.	1,972	291,544	335,311				
Carlisle Companies Inc.	650	352,261	344,557				
Carvana Co.	800	278,502	233,568				
Comerica Inc.	2,777	204,734	246,773				
ConAgra Foods Inc.	4,317	175,776	172,202				
Costco Wholesale Corp.	286	379,281	376,701				
DocuSign Inc.	2,906	404,689	375,700				
Dolby Laboratories Inc.	2,862	262,560	321,302				
Donaldson Company Inc.	745	71,704	72,125				
Element Solutions Inc.	6,900	237,200	252,027				
Elevance Health Inc.	100	55,892	53,012				
Exelon Corp.	2,396	115,740	129,672				
Federal Realty Investment Trust	1,700	263,220	273,568				
Fortive Corp.	2,156	238,229	232,436				
General Mills Inc.	4,196	382,371	384,511				
General Motors Co.	4,444	292,211	340,290				
Hamilton Lane Incorporated	1,715	389,412	364,977				
HCA Holdings Inc.	818	373,101	353,068				
Healthpeak Properties Inc.	5,000	150,959	145,757				
Hologic Inc.	3,365	375,811	348,701				
IDEX Corp.	421	117,536	126,728				
Installed Building Products Inc.	1,400	359,087	352,678				
Jackson Financial Inc.	2,999	394,673	375,136				
KeyCorp Ltd.	15,142	349,872	373,067				
Kimberly-Clark Corp.	1,386	263,731	261,072				
Kraft Heinz Co./The	8,353	382,564	368,736				
Lennar Corp., Class A	1,778	384,504	348,533				
Microchip Technology Inc.	1,145	124,801	94,391				
Mondelez International Inc.	1,001	92,115	85,945				
Moody's Corp.	389	201,407	264,755				
MSA Safety Inc.	1,114	269,273	265,451				
NetApp Inc.	1,986	329,173	331,382				
Nucor Corp.	2,000	335,665	335,788				
Parsons Corp.	2,400	324,257	318,527				
Paychex Inc.	1,615	276,287	325,565				
PPG Industries Inc.	604	106,991	103,709				
Procter & Gamble Co.	1,397	320,613	336,701				
Progressive Corp.	872	260,427	300,579				
PulteGroup Inc.	2,300	364,564	360,104				
Qualcomm Inc.	1,021	273,967	225,458				
Regeneron Pharmaceuticals Inc.	375	421,472	383,977				
Sysco Corp.	3,506	367,013	385,335				

**Schedule of Investments as at December 31, 2024**

(In Canadian dollars)

**Foreign Exchange Contracts****Unrealized Appreciation on Foreign Exchange Contracts**

Settlement Date	Contract Rates	Currency to be Delivered			Currency to be Received			Unrealized Appreciation (CAD)
		Currency	Par Value	Canadian Value as December 31, 2024	Currency	Par Value	Canadian Value as December 31, 2024	
January 2, 2025	1.4892	EUR	17,917	26,679	CAD	26,682	26,682	3
January 7, 2025	0.0091	JPY	13,666,094	124,861	CAD	125,039	125,039	178
								181

**Unrealized Depreciation on Foreign Exchange Contracts**

Settlement Date	Contract Rates	Currency to be Delivered			Currency to be Received			Unrealized Depreciation (CAD)
		Currency	Par Value	Canadian Value as December 31, 2024	Currency	Par Value	Canadian Value as December 31, 2024	
January 2, 2025	0.6698	CAD	108,312	108,312	EUR	72,547	108,026	(286)
January 2, 2025	1.4351	USD	1,048	1,507	CAD	1,504	1,504	(3)
January 2, 2025	5.4000	CAD	67,078	67,078	HKD	362,220	67,040	(38)
January 2, 2025	1.1166	CAD	52,571	52,571	AUD	58,700	52,222	(349)
								(676)

**Net Unrealized Depreciation on Foreign Exchange Contracts**

(495)



# Notes to Financial Statements

## NOTE 1: GENERAL INFORMATION

### 1.1 Articles of incorporation

The ETF is an exchange-traded fund established as a trust regulated by Ontario legislation. Natcan Trust Company is the trustee of the ETF and National Bank Investments Inc. is the manager of the ETF (hereinafter the "Manager" or "NBI").

The headquarters, which is also the principal place of business of the ETF, is located at 800 Saint Jacques Street, Montreal, Quebec, H3C 1A3, Canada.

The ETF is listed on the Toronto Stock Exchange ("TSX") and was created on the date indicated below.

ETF name	Stock symbol	ETF Inception date	Commencement date
Evovest Global Equity ETF	EVO	February 27, 2024	March 28, 2024

More in-depth information on the primary activities is presented in the "Notes to Financial Statements – Specific Information" section regarding the ETF.

### 1.2 Funds management

The Manager has retained the services of Evovest Inc. to act as portfolio manager of the ETF.

National Bank Investments Inc. and Evovest Inc. have taken the initiative in founding and organizing the ETF and are, accordingly, the promoters of the ETF within the meaning of securities legislation of certain provinces and territories of Canada.

Natcan Trust Company acts as the custodian of the assets of the ETF and holds those assets in safekeeping.

The Statement of Financial Position and related notes of the ETF are presented as at December 31, 2024.

The Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Units, Statement of Cash Flows and related notes are presented for the period ended December 31, 2024.

### 1.3 Issue on the financial statements

These financial statements were approved and authorized for issue on March 11, 2025, by the Board of Directors of NBI.

For the year ended December 31, 2024 fees paid or payable to Deloitte LLP for the audit of the financial statements of Canadian Reporting Issuer ETFs managed by National Bank Investments total \$ 8,300. Fees for other services total \$ 0.

### 1.4 Period

The term "period" used in these financial statements is defined as the period ended December 31, 2024. For ETFs created in 2024, the initial period is defined as from the date of beginning of operation (refer to Fund's specific notes) to the period-end

date (December 31, 2024).

The commencement date of operations for each ETF corresponds to the date on which the ETF started its activities on the market, and this date may differ from the inception date. Consequently, the number of days of activity calculated in the financial statements may also differ from this date, if applicable.

## NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION

### 2.1 Basis of presentation

The financial statements of the ETF were prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (hereafter the "IFRS Accounting Standards").

### 2.2 Financial instruments

#### 2.2.1 Classification

The ETF classifies its financial instruments in the following categories in accordance with IFRS 9 – Financial Instruments ("IFRS 9").

#### 2.2.1.1 Financial assets and liabilities at FVTPL

Given that the investments in the ETF are measured on a fair value basis according to the investment strategy defined in its prospectus, these investments and derivative financial instruments are classified in this category when they are initially recognized.

Derivative financial instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates, or other financial or commodity prices or indices. They could require a nominal amount and are settled at a future date.

In the Statement of Financial Position, financial assets and liabilities at FVTPL include the following items: "Investments", "Receivable (payable) on futures contracts", "Unrealized appreciation (depreciation) on foreign exchange contracts" and "Unrealized appreciation (depreciation) on interest rate swaps and on options".

In the Statement of Comprehensive Income, gains (losses) and income from these financial instruments are included in the following items: "Income from derivatives", "Net realized gains (losses) on foreign exchange contracts, and on interest rate swaps", "Change in unrealized gains/losses on foreign exchange contracts and on interest rate swaps", "Net realized gains (losses) on the sale of investments", "Net realized gains (losses) on foreign currencies", "Change in net unrealized appreciation/depreciation on investments" and "Change in unrealized gains/losses on foreign currencies".

#### 2.2.1.2 Financial assets at amortized cost

The ETF has included cash, subscriptions receivable, proceeds from sale of investments receivable, dividends receivable, margin deposited on futures contracts and other assets receivable as financial assets at amortized cost which

approximates fair value given their short-term nature.

Financial assets at amortized cost must be depreciated by the amount of expected credit losses. Given the very short maturity of these financial assets, the financial strength of the counterparties involved, and the history of losses incurred, the Manager believes that the risk of loss is very low. For this reason, no impairment was recorded for assets at amortized cost.

#### 2.2.1.3 Financial liabilities at amortized cost

This category includes all financial liabilities, except those classified at fair value through profit or loss.

The ETF has included bank overdraft, redeemed securities payable, accrued expenses, interest payable, dividends payable, investments payable and distributions payable as well as redeemable units outstanding of the ETF redeemed for a cash amount lower than the closing price of the units on the TSX.

#### 2.2.2 Recording

##### 2.2.2.1 Investment transactions

Investment transactions are accounted for on the trade date. Transaction costs, such as brokerage commissions, incurred at the time of purchase and sale of investments by the ETF are recognized as “Transaction costs on purchase and sale of investments” in the Statement of Comprehensive Income.

Realized gains and losses arising from investment transactions and unrealized appreciation or depreciation on investments are determined from the cost using the average cost basis that does not take into account the amortization of premiums or discounts on fixed-income securities and debt securities, apart from zero-coupon bonds.

##### 2.2.2.2 Recording of income and expenses

Income and expenses are recorded using the accrual basis of accounting.

##### Interest income for distribution purposes

The interest income for distribution purposes presented in the Statement of Comprehensive Income is recognized as it is earned. Interest income receivable is shown separately in the Statement of Financial Position based on the debt instruments’ stated rates of interest. Except for zero coupon bonds which are amortized on a straight-line basis, the ETF does not amortize the premiums paid or discounts received upon the purchase of fixed-income securities.

##### Dividend income

Dividend income and distribution income received from investment trusts (which includes underlying funds) are recognized on the ex-dividend date and ex-distribution date, respectively. Income from foreign sources is presented before deduction of taxes withheld at source deducted by foreign countries.

##### Distributions

Distributions are recorded when they are declared.

##### Tax deductions

Withholding taxes deducted by foreign countries are recorded separately in the Statement of Comprehensive Income under “Tax deductions.”

##### Futures contracts

To gain exposure to different financial markets, the ETF can enter into futures contracts under which they are entitled to receive or required to pay a sum of money based upon increases or decreases in the value of the underlying financial instrument. These payments are either received or made daily through brokers acting as intermediaries. The futures contracts are guaranteed by cash and cash equivalents, such as money market instruments. The ETF has sufficient cash and cash equivalents to entirely cover its obligations with respect to these contracts.

The futures contracts settle daily and are reported in the Statement of Financial Position under “Receivable (payable) on futures contracts” and in the Statement of Comprehensive Income under “Income (losses) from derivatives.”

##### Currency forward contracts

The ETF can also enter into currency forward contracts to gain exposure to international currency markets or to reduce foreign currency risk within its portfolio. The ETF may also use derivatives to hedge the exposure of its investments denominated in foreign currencies and enter into currency hedging contracts, which involve the use of derivatives for hedging transactions by accepting a lower but more predictable return, rather than a potentially higher return that is less predictable.

Gains or losses on these forward contracts are reported in the Statement of Comprehensive Income under “Net realized gains (losses) on foreign exchange contracts.” The fair value of these forward currency contracts is recorded as the difference between the fair value of the contract on the Valuation Date (the “Valuation Date” is each day on which the Toronto Stock Exchange is open for trading) and the fair value on the date the contract originated. The fair value is recognized under “Unrealized appreciation/depreciation of foreign exchange contracts” in the Statement of Financial Position.

##### Bond forward contracts

Bond forward contracts are valued at the gain or loss, if any, that would be realized if the position in the contracts were to be closed out on the valuation date and the resulting unrealized appreciation (depreciation) is presented under “Bond forward contracts, at fair value” in the Statement of financial position. Gains or losses arising from bond forward contracts are recorded as “Net change in unrealized appreciation (depreciation) on bond forward contracts” in the Statement of comprehensive income until the contracts close or are delivered, at which time the gains (losses) are realized and are recorded as “Net realized gain (loss) on bond forward contracts” in the Statement of comprehensive income.

##### Swaps

A swap agreement is a contract between two parties to regularly exchange cash flows based on specified underlying notional amounts. Interest rate swaps are contracts entered into by an ETF with major brokers in which the ETF receives or pays a variable interest rate in exchange for paying or receiving a fixed interest rate. The payment streams are usually offset, with the difference being paid by one party to the other. Gains or losses on these swaps are reported in the Statement

of Comprehensive Income under “Change in unrealized gains / losses on interest rate swap”. The fair value is recognized under “Unrealized appreciation / depreciation on interest rate swap” in the Statement of Financial Position.

#### 2.2.3 Measurement

According to IFRS 13 - Fair Value Measurement, fair value is defined as the price that would be received on the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the valuation date.

##### 2.2.3.1 Initial Measurement

Upon initial measurement, the ETF's financial instruments are measured at fair value, plus transaction costs for financial instruments measured at amortized cost.

##### 2.2.3.2 Subsequent measurement

Financial assets and liabilities at FVTPL are measured at fair value with changes in fair value recognized in the Statement of Comprehensive Income as “Change in unrealized appreciation (depreciation)”. Refer to Note 5 – Financial instruments disclosures for the valuation methods used.

The ETF's obligation regarding net assets attributable to holders of redeemable securities is recorded at the redemption value as at the date of the Statement of Financial Position.

All other financial assets and liabilities are measured at amortized cost. Given the short-term maturity of these financial instruments, their value at amortized cost approximates their fair value.

#### 2.2.4 Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the investments have expired or when the ETF has significantly transferred the risk and financial reward of its participation (ownership). Financial liabilities are derecognized when a contractual arrangement specifies that the obligation to that liability is discharged, cancelled or expired.

The cost of investments represents the amount paid for each security and is determined on an average cost basis, and excludes commissions and other portfolio transaction costs, which are separately reported on the Statement of Comprehensive Income. Realized gains and losses are recognized based on the average cost method and included in Net realized gains (losses) on sale of investments in the Statement of Comprehensive Income for the period in which they occur.

### **2.3 Cash**

Cash includes cash deposits with various financial institutions, Bank overdrafts, if applicable, are indicated in the Statement of Financial Position as current liabilities and as negative cash flow in the Statement of Cash Flows.

### **2.4 Redeemable units**

The outstanding redeemable units of the ETF may be redeemed for cash less than the closing price of the Units on the TSX. This reduced redemption price results in cash flow from redemptions not being significantly based on net asset value. In

addition, the ETF has a contractual obligation to distribute any taxable income annually that allows the unitholders to request cash payment for any distributions or dividends declared. These features violate criteria that are required in order for the units to be presented as equity under IAS 32. Consequently, the ETF's outstanding redeemable units are classified as financial liabilities in accordance with the requirements of IAS 32, Financial Instruments: Presentation.

#### 2.4.1 Valuation of units

For the purposes of processing transactions for unitholders in the ETF, in accordance with Regulation 81-106 respecting Investment Fund Continuous Disclosure, the net asset value of the ETF is equivalent to the total market value of the ETF's assets, less its liabilities. The net asset value of the units and the net asset value per unit of the ETF is calculated at the valuation time each business day that the Toronto Stock Exchange is open for trading and any other day designated by the Manager. The ETF issues units on a continuous basis and there is no maximum number of units that may be issued.

Unitholders may buy or sell units of the ETF on an exchange or marketplace through registered brokers and dealers in the province or territory where the unitholder resides. Unitholders may incur customary brokerage commissions in buying or selling units. No fees are paid by a unitholder to the Manager or the ETF in connection with the buying or selling of units on the TSX or another exchange or marketplace. Unitholders may exchange a minimum of a prescribed number of units (and any additional multiple thereof) for cash or, with the consent of the Manager, securities and cash. Refer to the “Redemption of Units” section in the ETF prospectus for more information.

Net assets attributable to holders of redeemable units refers to net assets calculated in accordance with “IFRS Accounting Standards”. Net assets attributable to holders of redeemable units per unit is calculated by dividing net assets attributable to holders of redeemable units by the number of outstanding units.

Canadian Securities Administrators (“CSA”) regulations allow the ETF to comply with “IFRS Accounting Standards” requirements in the preparation of financial statements, without changing its method of calculating the net asset value for the purpose of processing the transactions of the unitholders of the ETF. In accordance with the CSA requirements, a reconciliation between the net asset value per unit and the net assets attributable to holders of redeemable units per unit calculated under “IFRS Accounting Standards” is presented in the specific notes for the ETF.

#### 2.4.2 Increase or decrease in net assets attributable to holders of redeemable units per unit

“Increase (decrease) in net assets attributable to holders of redeemable units per unit” presented in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units for the period, divided by the average number of units outstanding during the period.

#### 2.4.3 Distributions to unitholders

The net income of the ETF is distributed to unitholders annually, this information is provided in the specific notes for the ETF. All net income is distributed prorated to the ETF units held by the holders.

Cash distributions from the ETF will be paid at the end of each year, if appropriate. The Manager may, at its discretion, change the frequency of cash distributions,

and will issue a press release if such a change is made. The Manager may also make additional distributions in any year if determined to be appropriate.

To the extent that an ETF has not otherwise distributed a sufficient amount of its net income or net realized capital gains, a distribution will be paid to unitholders at the end of the year and that distribution will be automatically reinvested in additional units. Immediately following such reinvestment, the number of units outstanding will be consolidated so that the net asset value per unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid.

Unrealized gains and losses are included in the net assets attributable to unitholders. However, they will only be distributed to ETF unitholders once the gain or loss is realized. Capital losses are not distributed to the ETF unitholders but are retained by the ETF to be applied against future capital gains.

## **2.5 Functional currency and foreign currency translation**

The ETF's purchases and redemptions are denominated in Canadian dollars. The Canadian dollar is considered the functional and presentation currency of the ETF. The fair value of investments, derivatives, other assets and liabilities denominated in foreign currencies is translated into the functional currency at the exchange rate in effect as at the date of the Statement of Financial Position.

Foreign currency transactions are converted into the functional currency of the ETF using the exchange rates prevailing at the dates of the transactions (closing rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at period-end exchange rates are recognized in the Statement of Comprehensive Income under "Change in unrealized gains/losses on foreign currencies" and "Net realized gains (losses) on foreign currencies."

## **2.6 Taxes**

Under the Income Tax Act (Canada) and the Taxation Act (Quebec) (hereafter, collectively, the "Tax Acts"), the ETF qualifies as a mutual fund trust (see Note 8 Income Taxes), all of its net income for tax purposes and a sufficient portion of the net capital gains realized in any taxation year must be distributed to unitholders such that no income tax is payable by the ETF. Therefore, the ETF does not recognize any income tax and the tax savings linked to capital and non-capital losses have not been recorded as a deferred income tax asset in the Statement of Financial Position.

The ETF is subject to withholding taxes on investment income and capital gains in certain foreign countries. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a "Tax deduction" in the Statement of Comprehensive Income.

## **2.7 Participation in structured entities**

A structured entity is designed in such a way that voting rights or similar rights are not the determining factor in who controls the entity; this is particularly the case when the voting rights concern only administrative tasks and the relevant activities are directed by a contractual agreement.

The ETF invests in mutual funds, limited partnerships and/or exchange-traded funds managed by the Manager or by other fund managers. The ETF considers all its

investments in mutual funds, limited partnerships and/or exchange-traded funds (the "underlying funds") as investments in unconsolidated structured entities, because decisions made by the underlying funds are not dependent on the voting rights or similar rights held by the ETF. The ETF does not provide and have not committed to providing any other support to these unconsolidated structured entities. The objectives of the underlying funds, whose investment strategy excludes borrowing, enable the ETF to achieve its main objectives. The underlying funds finance their operations by issuing securities that are redeemable at the option of the holder, entitling him to receive a proportionate share in the net assets of the underlying funds. The ETF holds redeemable securities of the underlying funds.

Asset-backed securities and mortgage-backed securities are also considered unconsolidated structured entities. Asset-backed securities result from the consolidation of assets such as auto loans, credit card receivables and student loans. A right on future cash inflow (interest and principal) is then sold in the form of a debt or an equity security, which can be held by the ETF.

Therefore, the ETF, as an investment entity, accounts for its investments in unconsolidated structured entities at fair value. The change in fair value of these investments is presented in the Statement of Comprehensive Income under "Change in net unrealized appreciation/depreciation on investments."

If applicable, the specific notes for the ETF present the fair value exposure of investments in structured entities.

## **Offsetting financial assets and financial liabilities**

Financial instruments are recognized on a net or gross basis in the Statement of Financial Position based on the intention or legal obligation to offset opposite positions on instruments held with the same counterparties. Amounts offset in the Statement of Financial Position arise from transactions where the ETF has a legally enforceable right to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position arise from transactions where a master netting arrangement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the ETF has no intention of settling on a net basis.

As at December 31, 2024, no financial instruments are offset in the Statement of Financial Position.

## **NOTE 3: CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES**

When preparing the financial statements, the Manager of the ETF undertakes several judgments through the application of the accounting policies of the ETF.

### **3.1 Significant judgments**

The following is a discussion of the significant judgments management must make in applying the ETF's accounting policies, which have the most significant impact on the financial statements.

#### **3.1.1 Functional currency**

The Manager considers the Canadian dollar to be the functional currency in which the ETF operates, because it is the currency which, in its opinion, most faithfully represents the economic effects of the transactions, events and conditions of the ETF. Moreover, the Canadian dollar is the currency in which the ETF assesses its performance. The ETF issues and redeems its securities in Canadian dollars. The

financial statements are presented in Canadian dollars, which is the ETF's functional and presentation currency.

### 3.1.2 Investment entity

It has been determined that the ETF meets the definition of an investment entity in accordance with IFRS 10: *Consolidated Financial Statements* and, accordingly, investments are valued at FVTPL. An investment entity is an entity that: obtains funds from one or more investors for the purpose of providing those investors with investment management services; declares to its investors that its purpose is to invest funds for the sole purpose of realizing returns in the form of capital gains and/or investment income; and evaluates and assesses the performance of almost all of its investments on the basis of fair value. The most important judgment in determining that the ETF meets the definition above is that fair value is used as the main measure to assess the performance of almost all the ETF's investments.

### **3.2 Estimation uncertainties**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

#### 3.2.1 Fair value of financial instruments

As described in Note 5 – Financial instruments disclosures, the Manager has taken a position when the closing price does not fall within that day's bid-ask spread. Under "IFRS Accounting Standards", the Manager must determine the traded price by considering the character that is most representative of fair value based on the specific facts and circumstances. The Manager has taken the position that when such a situation arises investments are measured at the bid price.

Furthermore, the Manager exercises its judgment in selecting the appropriate valuation technique for financial instruments that are not listed on an active market. The valuation techniques used are those that are currently applied by market participants. For derivative financial instruments, the assumptions are based on the market price adjusted with respect to the instrument's specific characteristics.

### **NOTE 4: CHANGES IN ACCOUNTING STANDARDS THAT ARE NOT YET IN EFFECT**

At the date of authorization of these financial statements, no other new standards or amendments or interpretations of existing standards that have a material impact on these financial statements have not been issued by the International Accounting Standards Board.

### **NOTE 5: FINANCIAL INSTRUMENT DISCLOSURES**

#### **5.1 Financial risks**

Investment activities of the ETF expose them to some financial risks. The main types of risk to which the ETF is exposed are credit risk, liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and concentration risk. The Manager seeks to maximize returns for any given level of risk while minimizing these risks by entrusting the portfolio management of the ETF to seasoned portfolio managers. These managers oversee day-to-day management according to the progress of the ETF's investments and market events as well as diversify the investment portfolio within the constraints of the investment objective of the ETF.

The Portfolio Manager uses a rigorous fundamental approach to select and manage the investments, which is an intensive and continuous process of research regarding investment opportunities in a wide range of instruments of various issuers. The Manager determines when the ETF's portfolio securities are to be exchanged for those of other issuers or those with other maturities to improve performance of the ETF's portfolio and/or limit risk.

Tables quantifying the various financial risks are presented in the specific notes for the ETF, if it is having a high-risk exposure at the end of the period. These sensitivity analyses may differ from actual results and the differences could be significant.

#### **5.2 Credit risk**

Credit risk is the risk that a commitment with an ETF will not be upheld by the counterparty to a financial instrument. The ETF's credit risk is derived primarily from debt securities and derivative instruments held, if applicable.

The fair value of investments represents the maximum credit risk as at the end of the period. The fair value of a financial instrument reflects the creditworthiness and the credit rating of the issuer.

The ETF's policy with respect to credit risk management is to invest in financial assets whose credit rating is established by recognized credit rating agencies. Credit risk is reduced by choosing reputable financial asset issuers that have previously been subject to a rigorous credit assessment.

Furthermore, the investment policy of the ETF allows the portfolio manager, at his discretion, to review and adjust the target weightings of the underlying funds, as well as to add, change or delete an underlying fund. In selecting an underlying fund to invest in, the portfolio manager will consider the degree of exposure to the asset class provided by the underlying fund as well as the credit risk attached to its debt securities.

Portfolio securities transactions are settled upon delivery by the brokers. The risk of default is considered low because the delivery of securities is made once the broker has received payment. The transaction fails when one of the parties fails to honor its commitments.

The credit risk relating to cash flow transactions and derivative financial instruments transactions, if applicable, is mitigated by transactions with counterparties that are regulated entities subject to prudential supervision, or that were given a high credit rating by international credit rating agencies.

Where applicable, the ETF reduces settlement risk on derivative financial instruments by using a clearing house that enables transactions to be settled upon delivery in exchange for payment.

The ETF is exposed to deposit credit risk. If the security custodian becomes insolvent, the ETF may encounter a delay in accessing its assets.

The ETF's investment policy governs the maximum composition and level of risk in which the portfolio manager will work. In addition, it is the portfolio manager's responsibility to ensure that he invests in securities compliant with the credit rating standards for the ETF, according to its management mandate. A table showing the distribution of securities according to their credit rating is presented in the specific notes for the ETF whose exposure to credit risk is significant at the end of the period.

### 5.3 Liquidity risk

Liquidity risk is defined as the risk that an ETF will have difficulty meeting its obligations or commitments within a reasonable delay. Security holders of the ETF may redeem their securities on any valuation day. The ETF may not purchase an illiquid asset if, because of such an acquisition, more than 10% of its net asset value would consist of illiquid assets and may have no more than 15% of its net asset value invested in illiquid assets for 90 days or more.

Since the ETF invests in active markets, it can dispose of its assets quickly. The ETF may invest in derivatives, debt securities and unlisted equity securities that are not traded on an active market.

As a result, the ETF may not be able to quickly liquidate its investments in these instruments at amounts which approximate their fair values or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In accordance with the ETF's policy, the Manager monitors the liquidity position on a quarterly basis. To manage this risk, the counterparty is carried out with reputable financial institutions. The ETF maintain a cash flow and short-term investment level that the Manager deems sufficient to maintain the required liquidities.

### 5.4 Market risk

The ETF's investments are subject to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risk can be broken down into the following three risk components: currency risk, interest rate risk and price risk.

#### 5.4.1 Currency risk

The ETF invests in financial instruments denominated in currencies other than its functional currency. These investments result in currency risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Investments traded in foreign markets are also exposed to currency risk since their value is converted into the functional currency of the ETF to determine their fair value. As necessary, the ETF may use foreign exchange forward contracts to reduce its exposure to foreign currency risk.

The ETF's investment policy governs the maximum permitted exposure in securities of foreign issuers and the level of risk in which the portfolio manager will have to operate. This policy provides, where applicable, the possibility to invest in derivatives to manage the risks to which the investment portfolio is exposed, such as foreign exchange contracts. The portfolio manager is responsible for making such investment decisions, based on market conditions within the limits of its management mandate and while upholding the investment objective of the ETF.

If the ETF holds underlying funds and these underlying funds invest in financial instruments denominated in currencies other than the functional currency, these investments result in indirect exposure to currency risk.

A table quantifying the currency risk is presented in the specific notes for the ETF having a significant exposure to foreign currencies at the end of the period. The data in the table includes, where applicable, derivative financial instruments.

#### 5.4.2 Interest rate risk

Changes in market interest rates expose interest-bearing securities, such as bonds and preferred shares, to interest rate risk. The ETF that holds interest-bearing securities are exposed to this risk since changes in prevailing market interest rates affect the value of interest-bearing securities. As a general rule, the value of interest-bearing financial instruments increases when interest rates go down and vice versa. The ETF's policy requires the Portfolio Manager to manage this risk by calculating and monitoring the average effective duration of the portfolio containing these securities. A table quantifying the interest rate risk is presented in the specific notes for the ETF whose interest rate risk exposure is significant at the end of the period. The percentage retained by management for the sensitivity analysis reflects, in particular, interest rate changes, economic conditions and the market.

#### 5.4.3 Other price risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices caused by factors specific to a security, its issuer or any other factor affecting a market or a segment of the market (other than those arising from currency risk and interest rate risk).

The ETF is exposed to price risk since all its investments are exposed to the volatility of market factors and capital loss risk. In particular, they are exposed to price risk associated with the ongoing Covid-19 pandemic, which could result in higher volatility than in normal times. The maximum risk resulting from financial instruments is equivalent to their fair value, except for certain options and futures contracts for which the loss may be unlimited. The ETF's policy is to manage price risk through diversification and selection of investments within specified limits established by the investment guidelines set out in the ETF prospectus.

A table quantifying the price risk is presented in the specific notes for the ETF having a significant exposure to this risk at the end of the period.

### 5.5 Concentration risk

Concentration risk arises from the net exposure of financial instruments to the same investment category, notably based on a region, a type of asset, industry or market segment. Financial instruments of the same category have similar characteristics and are affected similarly by changes in economic or other conditions. Exposure to this risk is managed by diversifying the investments of the ETF using its investment policy. Compliance with this policy allows the management of concentration risk related to exposure to an issuer or group of issuers with common characteristics.

A table quantifying the concentration risk is presented in the specific notes for the ETF according to the type of concentration that the Manager has determined to be relevant.

### 5.6 Fair value measurement

The ETF measures fair value using the following hierarchy that reflects the inputs used in making the valuations. For the purposes of presenting information about financial instruments, these must be classified according to a fair value valuation hierarchy. This three-level hierarchy is established according to the transparency of data considered in assessing the fair value of assets and liabilities and is presented below:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the ETFs can access on the valuation date



- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: Unobservable inputs relating to the asset or liability. This category includes all instruments for which the valuation technique includes inputs not based on observable data and unobservable inputs that have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments, but for which significant unobservable adjustments or assumptions are required to account for differences between instruments. This category also includes illiquid securities (are considered as such when no transaction has been recorded for such securities for more than 10 days), insolvent securities, delisted securities or securities suspended for more than one year and private investments as well.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is ranked at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. When, at the financial position date, the observable inputs used for a financial instrument are different from those used at the opening date, it is the policy of the ETF to establish that on the date of the event or change in circumstances, a transfer between levels of the fair value hierarchy is deemed to have occurred

A table showing the breakdown of securities according to their level at the end of the period along with a sensitivity analysis of the ETF with Level 3 financial instruments, as applicable, are presented in the specific notes for the ETF.

#### 5.6.1 Active Markets

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations:

- Common shares, preferred shares and exchange-traded funds are valued at the closing price at the valuation date when that price is within bid-ask spread. When the last quoted price does not fall within the bid-ask spread, the investments are measured at the bid price.

- Bonds, mortgage-backed securities, loans, debentures and stock options are valued at the closing price quoted by major dealers in such securities.

- Money market securities, if any, are held at amortized cost which approximates fair value.

- Forward currency contracts are valued based on the difference between the contracted rate and the current market rate for the foreign currency at the valuation date.

- Forward contracts and swaps are valued at the gain or loss that would result from the contract close-out at the valuation date.

- Futures contracts entered into by the ETF are financial agreements to purchase or sell a financial instrument at a contracted price at a specified future date. However, the ETF does not intend to purchase or sell the financial instrument on the settlement date; rather, they intend to close out each futures contract prior to settlement by entering into equal, but offsetting, futures contracts. Traded futures contracts are

valued at the closing price whereas other futures contracts are valued at the gain or loss that would result from closing the position at the valuation date.

- Options are valued at the settlement price determined by the relevant exchange.

#### 5.6.2 Valuation techniques

For all other financial instruments, the ETF determines fair value using the valuation techniques described below, if applicable.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable quoted prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the valuation date.

The ETF uses widely recognized valuation models to determine the fair value of common and simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgment and estimation by the Manager. Observable inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps. The availability of observable inputs in the market reduces the need for the Manager's judgment and estimation and reduces the uncertainty associated with the determination of fair value. The availability of these inputs varies depending on the type of securities and markets and is subject to changes based on specific events and general financial market conditions.

For more complex instruments, the ETF uses customized valuation models, which are usually developed from recognized valuation models. Some or all the significant inputs in these models may not be observable in the market and are derived from quoted prices or rates or estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of judgment and estimation by the Manager in determining fair value. The Manager must make judgments and estimates in the selection of the appropriate valuation model to be used, the determination of expected future cash flows on the financial instrument being valued, the determination of the probability of counterparty default and prepayments and the selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for all other factors, such as liquidity risk or model uncertainties, to the extent that the ETF believes that a third-party market participant would take them into account in pricing a transaction. Fair value reflects the credit risk of the instrument and includes adjustments to consider the credit risk of the ETF and the counterparty, if applicable. Insolvent securities, delisted securities or securities suspended for more than one year are listed at zero.

Model inputs and values are calibrated against historical data and published forecasts and, when possible, against current or recent observed transactions and broker quotes.

The ETF has a control framework established with respect to the measurement of fair value. This framework includes a portfolio valuation function. The latter

assumes overall responsibility for fair value measurements. The following specific controls are in place:

- Verification of observable quoted price inputs
- Re-execution of model valuations
- A review and approval process for new models and changes to such models
- Analysis and investigation of significant daily valuation movements; and
- Review of unobservable inputs and valuation adjustments.

When third party information, such as broker quotes or pricing services, is used to measure fair value, the portfolio valuation function assesses and documents the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of "IFRS Accounting Standards". This includes:

- Verifying that the broker or pricing services are approved by the ETF for use in pricing the relevant type of financial instrument
- Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions; and
- If a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

#### **NOTE 6: REDEEMABLE SECURITIES**

The ETF is authorized to issue an unlimited number of redeemable and assignable units.

##### **6.1 Redemption of Units in any Number for Cash**

On any trading day, unitholders may redeem units of any ETF in any number for cash at a redemption price per unit equal to 95% of the closing price for the units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable net asset value per unit. Because unitholders will generally be able to sell units at the market price on the TSX or another exchange or marketplace through a registered broker or dealer subject only to customary brokerage commissions, unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their units for cash.

For such cash redemption to be effective on a trading day, a cash redemption request in the form prescribed by the manager from time to time must be delivered through a CDS participant by 9:00 a.m. (Toronto time) on that day to the applicable ETF at its head office or as the manager may otherwise direct. If a cash redemption request is received after 9:00 a.m. (Toronto time) on a trading day, the cash redemption request will be effective only on the next trading day. The cash redemption request forms may be obtained from the manager.

A unitholder that exercises this cash redemption right during the period that is one trading day before a distribution record date until that distribution record date will be entitled to receive the applicable distribution in respect of those units.

In connection with the redemption of units, an ETF will generally dispose of securities or other assets in order to fund the required redemption proceeds. The redemption price paid to a unitholder may include income and/or capital gains realized by the ETF. The remaining portion of the exchange or redemption price will be proceeds of redemption.

The manager reserves the right to cause an ETF to redeem the units held by a unitholder at a price equal to the net asset value per unit on the effective date of

such redemption if the manager believes it is in the best interests of the ETF to do so.

##### **6.2 Exchange of Prescribed Number of Units**

On any trading day, unitholders may exchange a minimum of a prescribed number of units (and any additional multiple thereof) for baskets of securities and cash or, with the consent of the manager, cash. To effect an exchange of units, a unitholder must submit an exchange request in the form prescribed by the manager from time to time to the applicable ETF at its head office or as the manager may otherwise direct by the applicable cut-off time on a trading day. The exchange price will be equal to the aggregate NAV per Unit of the Prescribed Number of Units on the effective day of the exchange request, payable in cash or, with the consent of the Manager, by delivery of a Basket of Securities (constituted prior to the receipt of the exchange request) and cash. The exchange price will be equal to the aggregate net asset value per unit of the prescribed number of units on the effective day of the exchange request, payable by delivery of baskets of securities (constituted prior to the receipt of the exchange request) and cash or, with the consent of the manager, cash. On an exchange, the manager may, at its discretion, require the unitholder to pay or reimburse the applicable ETF for the trading expenses incurred or expected to be incurred by the -ETF in connection with the sale by such ETF of securities in order to obtain the necessary cash to fund the exchange price. On an exchange, the applicable units will be redeemed.

If an exchange request is not received by the applicable cut-off time on a trading day, subject to the discretion of the manager, the exchange request will be deemed to be received only on the next trading day. Settlement of exchanges for cash or, with the consent of the Manager, for a Basket of Securities and cash, as the case may be, will be made by no later than the second business day (or such shorter period as may be determined by us in response to changes to applicable law or general changes to settlement procedures in applicable markets) after the effective day of the exchange request.

The manager will make available to the designated broker and the dealers information as to the prescribed number of units and any basket of securities for the ETF for each trading day. The manager may, at its discretion, increase or decrease the prescribed number of units from time to time.

A unitholder who exchanges or redeems units during the period that is one trading day before a distribution record date until that distribution record date will be entitled to receive the applicable distribution in respect of those units.

If securities held in the portfolio of an ETF are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to a unitholder on an exchange may be postponed until such time as the transfer of the securities is permitted by law.

##### **6.3 Characterization of Redemption or Exchange Amount**

Subject to the limits imposed by the ATR Rule, the redemption or exchange price paid to a unitholder may include capital gains realized by the ETF. The remaining portion of the exchange or redemption price will be proceeds of disposition.

##### **6.4 Units**

The number of outstanding units and the number of units issued, reinvested and redeemed for the period ended are presented after the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units of the ETF.



## NOTE 7: TRANSACTIONS WITH RELATED PARTIES

Transactions that are considered to be related-party transactions for the ETF are presented in the specific notes for the ETF to which the situation applies.

### 7.1 Manager

NBI (the “Manager”) and Evovest Inc. are the promoters of the ETF. Accordingly, it is entitled to receive, in exchange for the services that it provides to the ETF, management fees paid to it by the fund (see “Management Fees” below).

From time to time, the manager may, on behalf of the ETF, carry out transactions or sign agreements to involve certain persons or companies related to it, to the extent that these transactions or agreements are, in its opinion, in the interest of the ETF. The description of the transactions or agreements between the ETF and a related party is provided in this section.

Members of the manager’s group may earn fees or spreads in connection with services provided to, or transactions with, an ETF, including in connection with brokerage and derivatives transactions.

### 7.2 Trustee

The Manager has retained the services of Natcan Trust Company to serve as trustee for the ETF and has retained the services of Evovest Inc. to serve as portfolio manager.

### 7.3 Designated Broker

The Manager has signed an agreement with National Bank Financial Inc. (“NBF”), a company affiliated with NBI, under which NBF will serve as a designated broker for the ETF. The designated broker agreement signed with NBF is in keeping with market conditions.

### 7.4 Approvals and recommendations of the independent review committee (if applicable)

The ETF has followed the standing instructions of its independent review committee with respect to one or more of the following related party transactions: a) purchasing or selling government or other debt securities on the secondary market from related brokers that are main brokers in the Canadian debt securities market; b) purchasing on the secondary market securities of a related issuer that are not traded on an exchange; c) purchasing on the primary market non-exchange-related issuer debt securities having maturities of 365 days or more, other than asset-backed commercial paper.

The Manager has implemented policies and procedures to ensure that the conditions that apply to each of the transactions identified above are met. The applicable standing instructions require that these transactions be carried out in accordance with the Manager’s policies. Notably, these instructions require that investment decisions pertaining to such related-party transactions must be made free from any influence from an entity related to the Manager and without taking into account any consideration relevant to an entity related to the Manager. Moreover, investment decisions must represent the business judgment of the portfolio manager, uninfluenced by considerations other than the interests of the ETF, and must achieve a fair and reasonable result for the ETF.

## 7.5 Management fees

The ETF will pay the Manager a management fee of 0.73% based on the average daily NAV of the ETF. The management fee, plus applicable taxes, including GST/HST/QST, will be accrued daily and paid monthly. The management fee is payable to the Manager in consideration of the services that the Manager provides to the ETF in its capacity as the manager such as, managing the day-to-day business and affairs of the ETF which includes:

- calculating NAV;
- determining the amount and the frequency of distributions to be made by the ETF;
- authorizing the payment of operating expenses incurred on behalf of the ETF;
- drafting of the investment policies;
- ensuring that the portfolio manager respects the terms of the investment policies; and
- ensuring that financial statements and other reports are sent to unitholders.

The Manager may, from time to time at its discretion, waive a portion of the management fees charged to the ETF.

To achieve effective and competitive management fees, the Manager may agree to charge a reduced management fee as compared to the management fee it would otherwise receive from the ETF with respect to investments in the ETF by certain unitholders. In such cases, the Manager will reduce the management fee charged to the ETF and the ETF will pay an amount equivalent to the reduction to the Unitholders concerned as a special distribution (the «Manager Fee Distribution »). Management Fee Distributions, paid in cash, will be first paid out of net income and net realized capital gains of the ETF and then out of capital. The availability, amount and timing of Management Fee Distributions with respect to units of an ETF will be determined from time to time by the Manager at its sole discretion.

## 7.6 Operating Expenses

The Manager has agreed to pay the following expenses of the ETF, provided all such expenses are incurred in the normal course of business of the ETF:

- costs of the negotiation and management of the contractual agreements with third-party service providers including the Trustee, the Designated Broker, the Custodian, the Registrar and Transfer Agent, the Fund Administrator, and the Portfolio Manager;
- the fees for the services of the Portfolio Manager;
- the fees for the services of the Trustee, the Custodian, the Registrar and Transfer Agent, and the Fund Administrator;
- costs of providing clerical, bookkeeping, internal accounting and reporting services required by the ETF in the ordinary course of its operations, including assuring the maintenance of the accounting records, the production of the financial statements, and the production of other financial information documents such as valuations, as well as related audit and external accounting fees;
- costs of managing the relationship with the stock exchange, including payment of initial listing and annual stock exchange fees, as well as fees charged by CDS;
- regular legal fees and expenses associated with the production of the regulatory documentation for the ETF (including the prospectus);
- regular filing fees payable pursuant to Canadian securities regulation in connection with the regulatory documentation for the ETF (including the prospectus); and
- costs of complying with all governmental and regulatory requirements existing as of the date of creation of the ETF.

Unless otherwise provided herein, the ETF is responsible for paying all other operating expenses, including but not limited to the following:

- brokerage fees, expenses or commissions;
- portfolio transaction costs;
- fees related to derivative instruments entered into or purchased by the ETF (if applicable);
- any income, excise or other taxes, including GST/ HST/ QST, payable by the ETF or to which the ETF may be subject, including withholding taxes (foreign or Canadian);
- legal fees and expenses (other than regular legal fees and expenses associated with the production of the regulatory documentation for the ETF and the negotiation and management of the contractual agreements with third-party service providers);
- costs of complying with any new governmental or regulatory requirements imposed after the creation of the ETF;
- compensation and expenses related to the IRC and to any advisors employed by such committee, as well as all orientation and continuing education costs of, insurance premiums, and other costs reasonably incurred by, such committee or committee members;
- Unitholder communication expenses including but not limited to costs of any meeting of any Unitholders of the ETF;
- Unitholder servicing costs;
- printing and mailing expenses;
- bank related fees and interest expenses and other borrowing costs;
- any fees, costs and expenses beyond the normal course of business of the ETF;
- litigation expenses;
- amounts paid for damages awarded or as settlements in connection with litigation;
- extraordinary expenses, such as expenses of any action, suit or other proceeding in which or in relation to which any person is entitled to indemnification by the ETF; and
- indemnification costs in respect of any obligation for the ETF to indemnify any person and any insurance purchased and maintained on behalf of the ETF in respect of any obligation to indemnify any person.

The Manager may, from time to time, decide to reimburse the ETF, or directly pay certain operating expenses that are chargeable to the ETF.

## 7.7 Brokerage fees

The ETF may pay brokerage fees on portfolio transactions to brokers who are considered related parties, such as National Bank Financial and National Bank Direct Brokerage (a division of National Bank Financial Inc., an indirect wholly owned subsidiary of National Bank of Canada), corporations under common control with the Manager. These related party brokerage fees and soft dollars allocated to the ETF are presented in the specific notes for the ETF, as applicable.

## NOTE 8: INCOME TAXES

Under the Tax Acts, the ETF is defined as a mutual fund trust. The trust distributes all its net taxable income and enough portion of its net taxable realized capital gains to not pay income taxes. The distributed net income and net realized gains are taxable in the hands of the unitholders of the ETF in the year in which the distribution was received, prorated to the number of units. The taxation year of the ETF trust ends on December 15.

Since all the net income and the realized gains are distributed to the unitholders of the ETF, the ETF does not have taxable income and therefore no income tax expense has been recorded in the financial statements of the ETF.

Under the Tax Acts, the ETF may claim a capital gains refund. A mathematical formula, which considers redemptions of units during the period is used to maximize the claim to retain capital gains in the ETF and minimize income taxes payable by

the ETF's unitholders.

## NOTE 9: CURRENCIES

In the Schedules of Investments you will find the currencies other than Canadian dollar, they are presented using the following abbreviations:

AUD: Australian Dollar	HKD: Hong Kong Dollar	NZD: New Zealand Dollar
BRL: Brazilian real	IDR: Indonesian Rupiah	PHP: Philippine peso
CHF: Swiss Franc	INR: Indian Rupee	SEK: Swedish Krona
CNY: Chinese Yuan Renminbi	JPY: Japanese Yen	SGD: Singapore Dollar
DKK: Danish Krone	KRW: South Korean won	TWD: New Taiwan Dollar
EUR: Euro	MXN: Mexican peso	USD: American Dollar
GBP: Pound Sterling	NOK: Norwegian Krone	ZAR: South African rand

## Independent Auditor's Report

To the unitholders and Trustee of

Evovest Global Equity ETF, (the "Fund")

### Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2024, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the 284 day period ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2024, and its financial performance and its cash flows for the 284 day period ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund 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. The other information comprises the Annual Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do 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, or otherwise appears to be materially misstated.

We obtained the Annual Management Report of Fund Performance prior to 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 this 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 as issued by the IASB, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Fund'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 Fund'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 Fund 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.

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Brigitte Chartier.

*Deloitte LLP'*

Montreal, Quebec

March 11, 2025

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<sup>1</sup>CPA auditor, public accountancy permit No. A116933

