

# **AGF INVESTMENTS LLC**

## **Firm Brochure**

**June 5, 2019**

## **Principal Office**

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This brochure provides information about the qualifications and business practices of AGF INVESTMENTS LLC ("AGFUS"). If you have any questions about the contents of this brochure, please contact us at 617-292-9801. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about AGFUS also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

### Amendments to Form ADV Part 2A and 2B, Disclosure Brochures:

On June 5, 2019, this Brochure was amended to include disclosure regarding certain arrangements pursuant to which the Registrant may access personnel and resources of an affiliated, unregistered, non-U.S. adviser in servicing its clients. In addition, this Brochure was updated to reflect the name change of the adviser from FFCM LLC, to AGF Investments LLC.

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**Item 4 - Advisory Business**

AGFUS has been in operation since October 2009. During November 2015, AGF Quantitative Advisors, Inc. acquired 51% of the aggregate equity interests in AGFUS. AGF Quantitative Advisors, Inc. acquired the remaining 49% AGFUS in June 2018. AGFUS is now a wholly-owned subsidiary of AGF Quantitative Advisors, Inc. AGF Quantitative Advisors, Inc. is a wholly-owned subsidiary of AGF Management Limited, an independently controlled firm, with publicly traded non-voting shares listed on the Toronto Stock Exchange.

AGFUS is the investment adviser to the AGIQ ETF Fund family, which are series of FQF Trust. AGFUS operates under the brand AGFiQ and AGFiQ Asset Management. This brand represents a collaboration of quantitative investment professionals from AGFUS and Hightstreet Asset Management Inc., an affiliate of AGF Quantitative Advisors, Inc. Personnel of Highstreet Asset Management Inc., an affiliated adviser located in Canada that is not registered with the SEC, provide portfolio management and research services to clients of AGF through a participating affiliate arrangement, which is described in more detail in Item 10. AGFUS also provides investment management services to institutional clients and model investment services to other investment advisers. In addition, AGFUS provides advisory services to a Canadian mutual fund sponsored by an affiliate, as well as model investment services to a family of affiliated Canadian ETF's.

In addition, AGFUS offers the following strategies to clients in separately managed or sub-advised accounts:

- Core Absolute Return ETF Strategy
- Global Equity ETF Strategy
- U.S. Sector Rotation ETF Strategy
- Multi-Asset ETF Strategy
- Hedged Equity

AGFUS specializes in a number of investment techniques including quantitative investing, passive indexing, enhanced indexing, asset allocation and ETF investing. AGFUS can tailor its investment process to meet the needs of its clients through customized solutions. Clients may impose investment restrictions on any proposed solution depending on their requirements.

These investment strategies are offered to clients as separately managed accounts, licensed model portfolios and, for certain investment strategies, open-end mutual funds and ETFs.

***Separately Managed Accounts (SMAs)***

AGFUS provides discretionary investment advisory services to separate account clients, including clients who utilize financial intermediaries (such as broker-dealers and registered investment advisors) on a sub-advisory basis. Separate account clients may select an investment strategy after consultation with the client's primary financial advisor.

***Model Portfolio Licensing Agreements (including UMAs)***

AGFUS provides its investment strategies to registered investment advisers and UMA platform sponsors (“sponsors”) with whom the firm has entered into model portfolio licensing agreements. Under a model portfolio licensing arrangement, AGFUS develops and manages investment strategies and updates the sponsors as to changes in the model portfolios. The sponsors, at their discretion, may adjust holdings in their client accounts based on AGFUS’s recommended portfolio. AGFUS does not serve as investment adviser to the end-investor and is not responsible for making investment decisions or determining if adherence to the model portfolio recommendations is appropriate for the sponsors’ clients. The sponsor makes all investment decisions and is responsible for trading, reporting and custody matters. AGFUS’s obligation is to create and then disseminate model portfolios to the sponsor in a timely manner pursuant to the strategy’s specific parameters. The model portfolios and the implicit recommendations generally are not tailored to the specific needs or circumstances of the sponsors’ clients. Typically, the sponsor has sole authority and responsibility to implement the model portfolio for its client accounts, evaluate whether a model portfolio is appropriate for each potential investor, and communicate with clients concerning their investments.

As of 31 December 2018, AGFUS managed over \$1.2 billion in assets on a discretionary basis. AGFUS also provides investment services to clients on a non-discretionary basis of approximately \$67 million as of 31 December 2018.

**Item 5 - Fees and Compensation**

AGFUS currently provides investment advisory services to the FQF Trust, which sponsors certain ETFs, and may also provide such services to individuals, trusts, investment companies, foundations, corporations, pensions and/or profit sharing programs and other investment companies.

AGFUS generally charges an investment management fee to clients with separately managed accounts of 0.50% of the fair market value of assets under management. Management fees are negotiable and may vary significantly from client to client. Fees may be higher or lower depending on a number of factors, including, but not limited to, the amount of assets under management, the nature of the assets, the type of analysis required to manage the account, the length of a client’s relationship with AGFUS and the level of service required by the client. Management fees will be set forth in AGFUS’s investment management agreement with each client.

License fees for model portfolios are typically 0.50%, but are negotiable and can vary by client.

**Method of Payment**

Invoices are issued to clients on agreed upon schedules.

**Costs and Expenses**

In addition to the management fee, clients are responsible for any fees, expenses or charges incurred by or on behalf of the account related to (i) transactions effected for the account, including brokerage and execution charges, markups and commissions, and (ii) any other service provided for the account by any entity other than AGFUS. Clients may also incur fees charged by the ETFs or mutual funds held in accounts. Please refer to Section 12 of this brochure entitled “Brokerage

Practices” for a more detailed discussion of AGFUS’s brokerage policies and procedures. If a managed account invests in ETFs managed by AGFUS, fees will be reduced to reflect the additional fees earned by AGFUS in the ETFs but still take into account the management required to construct and trade the account.

### **Refunds**

Termination of advisory services may be made by AGFUS or the client as outlined in the investment management agreement and any fees that have been incurred will be refunded on a pro-rata basis for those clients who are billed in advance. The refund will be based on the number of days the assets were managed for the billing period.

### **Sales Compensation**

Neither AGFUS nor any of the firm’s supervised persons accepts compensation for the sale of securities of other investment products, including asset-based sales charges or service fees for the sale of mutual funds.

### **Item 6 - Performance Based Fees and Side-By-Side Management**

Neither AGFUS nor any of the firm’s supervised persons accept performance-based fees. AGFUS does not engage in side-by-side management of clients’ accounts. AGFUS does not manage accounts utilizing performance-based fees.

### **Item 7 - Types of Clients**

AGFUS provides investment advisory services to the AGFIQ family of ETFs on a discretionary basis and provides investment advisory services on a discretionary or non-discretionary basis to individuals, trusts, foundations, corporations, pension and/or profit sharing programs and investment companies. AGFUS provides investment advisory services or model investment portfolio management to affiliates, including Canadian mutual funds and ETF’s. AGFUS also may provide model portfolios to Turnkey Asset Management Programs, registered investment advisers and other platforms for which the firm is compensated with a fee. AGFUS’s services are subject to the following minimum account balances, although AGFUS reserves the right to waive these minimums at its discretion.

Separately Managed Accounts - \$5,000,000

### **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

AGFUS may utilize various strategies when constructing client portfolios, which are summarized below.

#### **Core Absolute Return ETF Strategy**

The Core ETF Absolute Return Strategy is an ETF managed portfolio that aims to provide a core low volatility absolute return that exhibits low correlation to the equity and fixed income markets. The strategy uses a multi-factor approach by investing in factor based market neutral and long only ETFs, combined with fixed income ETFs, with the goal of providing positive returns in all market environments. The strategy’s return target is 5 - 7% annually with 4 – 6% volatility.

***Global Equity ETF Strategy***

The Global Equity ETF Portfolio is an ETF managed portfolio that aims for superior performance versus the MSCI All Country World Index, by providing diversified exposure to the U.S. equity market and 5 international markets, while incorporating a portfolio hedge during times of increasing volatility and the flexibility to move to cash in times of high market risk to preserve capital.

***US Sector Rotation Strategy***

The ETF Factor Rotation strategy is characterized by an active, high alpha approach, which places specific emphasis on rotation across all sectors in the U.S. The strategy seeks capital appreciation and long-term growth through investing in U.S.-listed ETFs. AGFUS utilizes a quantitative approach to investing in an effort to identify valuation and technical signals to identify the sectors that are expected to over/underperform the market over time. In addition, the strategy will seek to become defensive when the firm's proprietary volatility models determine that the market is expected to fall. Initially, the strategy will employ a hedging ETF and eventually move to a cash position if the volatility model reaches extreme levels.

***Multi-Asset ETF Strategy***

The Global Multi-Asset ETF Product is an ETF managed portfolio that aims for superior performance versus a balanced 65/35 MSCI All Country World Index and Barclays Aggregate, by providing diversified exposure to all U.S. equity sectors, 5 international markets, major components of the fixed income markets, and alternatives, while incorporating the flexibility to move to cash in times of high market risk to preserve capital.

***Hedged US Equity Strategy***

The Hedged Equity Strategy combines an active approach which places specific emphasis on rotation across all sectors in the U.S. The strategy seeks capital appreciation and long-term growth through investing in U.S.-listed ETFs. AGFUS utilizes a quantitative approach to investing in an effort to identify valuation and technical signals to identify the sectors that are expected to over/underperform the market over time. In addition, the strategy will employ a portfolio hedge, through a hedging ETF, to help provide left tail protection to help manage strategy drawdowns.

**Summary of Material Risks**

Please note that investing in any of the strategies noted above involves the potential for risk of loss and there are no guarantees that the strategies will achieve their stated objectives. Investment risks specific to each strategy will be discussed with the client prior to the opening of an account. Such risks may include, but are not limited to:

- ***Foreign Securities Risk:*** Foreign investments tend to be more volatile than U.S. securities, and are subject to risks that are not typically associated with U.S. securities. For example, such investments may be adversely affected by changes in currency rates and exchange control regulations, unfavorable political, social and economic developments, and the possibility of seizure or nationalization of companies or imposition of withholding taxes on income. Moreover, less information may be publicly available concerning certain

foreign issuers than is available concerning U.S. companies. Foreign markets tend to be more volatile than the U.S. market due to economic and political instability, social unrest and regulatory conditions in certain countries.

- ***Derivatives Risk:*** Derivatives, including swap agreements and futures contracts, may involve risks different from or greater than those associated with more traditional investments. As a result of investing in derivatives, a portfolio could lose more than the amount in which it invests. Derivatives may be highly illiquid, and a portfolio may not be able to close out or sell a derivative position at a particular time or at an anticipated price. Derivatives also may be subject to counterparty credit risk, which includes the risk that a loss may be sustained as a result of the insolvency or bankruptcy of, or other non-compliance by, the other party to the transaction.
- ***Emerging Market Securities Risk:*** Many of the risks with respect to foreign investments are more pronounced for investments in developing or emerging market countries, which include several countries in Asia, Latin America, Eastern Europe, Africa, and the Middle East. The economies of many of these countries depend heavily upon international trade and are therefore significantly affected by protective trade barriers and economic conditions of their trading partners. Many of these countries may also have government exchange controls, currencies with no recognizable market value relative to the established currencies of developed market economies, little or no experience in trading in securities, no financial reporting standards, a lack of banking or securities infrastructure, and a legal tradition which does not recognize rights to private property.
- ***Investments in Foreign Commingled Vehicles Risk:*** An account may also incur additional management and other fees from underlying investments in exchange-traded funds and other registered investment companies. If a managed account invests in Foreign Commingled Vehicles managed by AGFUS, fees will be reduced to reflect the additional fees earned by AGFUS in the Foreign Commingled Vehicles but still charge a management fee to construct and trade the account. Please also refer to the Foreign investment risk noted below.
- ***Foreign Investment Risk:*** Investments in Foreign securities involve special risks not typically associated with U.S. securities. Foreign investments may be riskier than U.S. investments because of factors such as Foreign government restrictions, changes in currency exchange rates, incomplete financial information about the issuers of securities, and political or economic instability. Foreign securities may be more volatile and less liquid than U.S. securities. Investments in depositary receipts (ADRs and GDRs) involve risks similar to those accompanying direct investment in foreign securities.
- ***Growth Investing Risk:*** Growth investing involves investing in securities whose earnings are expected to grow at an above-average rate relative to the market. There may be periods when the growth style is out of favor, and during which the investment performance of a portfolio using a growth strategy may suffer. In addition, growth stocks are subject to the risk that such stocks may not reach what the portfolio managers believe are their full growth potential.



- **Interest Rate Risk:** The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions of an issuer's creditworthiness. Generally, fixed income securities decrease in value if interest rates rise and increase in value if interest rates fall, with lower rated securities more volatile than higher rated securities. The duration of these securities affects risk as well, with longer term securities generally more volatile than shorter term securities.
- **Leverage Risk:** The use of short selling and derivatives instruments allows advisers to obtain investment exposure greater than it could otherwise obtain and specifically to effectively increase, or leverage, its total long and short investment exposures to more than its net asset value by a significant amount. Leverage may magnify gains or losses.
- **Liquidity Risk:** Low trading volume, lack of a market maker, a large position, or legal restrictions may limit the ability to sell particular securities in a short period of time, without material market impact. These risks are particularly pronounced for equity investments in companies with smaller capitalizations.
- **Market Risk:** Stock markets can decline significantly in response to adverse issuer, political, regulatory, market and economic developments. The market's behavior is unpredictable, particularly in the short term. The price declines of common stocks, in particular, may be steep, sudden, and/or prolonged.
- **Market Neutral Style Risk:** AGFUS may not construct a portfolio that limits exposure to general market movements, in which case performance may reflect general market movements. Further, during a "bull" market, when most equity securities and long-only equity ETFs are increasing in value, short positions will likely cause underperformance to the overall U.S. equity market and equity ETFs. In addition, relative volatility (beta) compared to the market will vary over time and may not be equal to zero.
- **Momentum Investing Risk:** Momentum investing involves investing in securities that have recently had higher total returns and shorting securities that have had lower total returns. These securities may be more volatile than a broad cross-section of securities, and momentum may be an indicator that a security's price is peaking. In addition, there may be periods when the momentum style is out of favor, and during which the investment performance of a strategy using a momentum strategy may suffer.
- **Portfolio Manager Risk:** The performance of actively-managed accounts depends on the skill of their portfolio managers to make appropriate investment decisions to achieve the stated investment objective.
- **Portfolio Turnover Risk:** While it is not part of AGFUS's normal investment strategy, the firm may actively trade securities to achieve performance objectives. A high rate of portfolio turnover involves correspondingly high transaction costs, which may adversely affect portfolio performance over time. High portfolio turnover may also result in the realization of short-term capital gains.

- ***Quantitative Investment Approach Risk:*** There may be market conditions in which a quantitative investment approach performs poorly. As a result, quantitative investment strategies are suitable only for those investors who have medium to long-term investment goals.
- ***Sector and Industry Concentration Risk:*** Overall risk level will depend in part on the market sectors and industries in which a strategy is invested. A strategy may overweight or underweight certain companies, sectors or industries, which may cause the strategy's performance to be more or less sensitive to developments affecting those companies, sectors and industries.
- ***Short Sales Risk:*** A strategy will suffer a loss if it sells a security short and the value of the security rises rather than falls. It is possible that a strategy's long positions will decline in value at the same time that the value of its short positions increases, thereby increasing potential losses to the strategy. Short sales expose a strategy to the risk that it will be required to buy the security sold short (also known as "covering" the short position) at a time when the security has appreciated in value, thus resulting in a loss to the strategy. A strategy's investment performance will also suffer if it is required to close out a short position earlier than intended. In addition, a strategy may be subject to expenses related to short sales that are not typically associated with investing in securities directly, such as the costs of borrowing and margin account maintenance costs associated with a strategy's open short positions. These expenses may negatively impact the performance of a strategy. Short positions introduce more risk to the strategy than long positions (purchases) because the maximum sustainable loss on a security purchased (held long) is limited to the amount paid for the security plus the transaction costs, whereas there is no maximum attainable price of the shorted security. Therefore, in theory, securities sold short have unlimited risk.
- ***Smaller and Medium Capitalization Companies Risk:*** The securities of smaller capitalization companies are generally riskier than larger capitalization companies since they do not have the financial resources or the well-established businesses of larger companies. Generally, the share prices of stocks of smaller capitalization companies are more volatile than those of larger capitalization companies. The returns of stocks of smaller capitalization companies may vary, sometimes significantly, from the returns of the overall market, tend to perform poorly during times of economic stress, may be thinly-traded, and purchases and sales may result in higher transaction costs. The securities of medium capitalization companies generally trade in lower volumes than those of large capitalization companies and tend to be more volatile because mid-capitalization companies tend to be more susceptible to adverse business or economic events than larger, more established companies.
- ***Value Investing Risk:*** Value investing entails investing in securities that are inexpensive (or "cheap") relative to other stocks in the universe based on ratios such as earnings-to-price or book-to-price ratios and shorting securities that are expensive based on the same ratios. There may be periods when the value style is out of favor, and during which the investment performance of a portfolio using a value strategy may suffer. In addition, value stocks are subject to the risk that their intrinsic value may never be realized by the market.

AGFUS can make no guarantee that any particular asset allocation or investment strategy will meet a fund's or an account's particular investment objective, or provide a particular investment return or a given level of income. Fluctuations in the financial markets and other factors may cause declines in the value of client accounts. Diversification does not ensure a profit or protect against a loss in a declining market. AGFUS cannot guarantee the ETFs or accounts it manages.

### **Item 9 - Disciplinary Information**

To date there have been no disciplinary actions against AGFUS or any of its employees by any domestic, foreign or military court, the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority, or any self-regulatory organization.

### **Item 10 - Other Financial Industry Activities and Affiliations**

Neither AGFUS nor any of its management persons are registered or have an application pending to register as a broker-dealer. Several of AGFUS's employees are registered representatives and hold various licenses with the Financial Industry Regulatory Authority.

Neither AGFUS nor any of its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of such entities.

AGFUS does not recommend or select other investment advisers for clients. It may however, refer a client to a related affiliate advisor.

AGFUS is affiliated with Highstreet Asset Management Inc. ("Highstreet"), an investment adviser based in Canada which is not registered with the SEC. Pursuant to SEC Staff guidance, AGFUS has entered into a "participating affiliate" arrangement with Highstreet which allows AGFUS to access portfolio management, research and other personnel and resources of Highstreet (such personnel are referred to in the SEC Staff guidance as "Affiliated Associated Persons") to aid AGFUS in providing investment advisory services to its clients. AGFUS is responsible for supervising the Highstreet Affiliate Associated Persons in connection with such persons' performance of portfolio management, research or other services on behalf of AGFUS clients. Such persons act in this role as personnel of AGFUS and are considered to be associated persons of AGFUS for purposes of the Advisers Act. These affiliated associated persons are subject to relevant provisions of AGFUS's compliance program and code of ethics. The responsibilities of AGFUS and Highstreet under the participating affiliate arrangement are documented in a memorandum of understanding ("MOU") between the entities.

The Highstreet personnel that provide services to AGFUS clients pursuant to the MOU have conflicts of interest in allocating their time and services between AGFUS clients and their responsibilities at Highstreet. AGFUS and Highstreet each supervise the relevant activities of such personnel and have adopted compliance and trading procedures reasonably designed to mitigate such conflicts and to ensure that investment decisions made by all personnel are consistent with the interests of clients and compliant with relevant laws, rules and regulations.

### **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

AGFUS is a fiduciary and must adhere to the highest standard of care and diligence in conducting its business activities as required by law, and must be particularly sensitive to situations in which the interests of its advisory clients may be directly or indirectly in conflict with those of AGFUS. Each employee of AGFUS recognizes that the first responsibility of AGFUS is to its clients. Any conflict (real or potential) between the interests of a client and AGFUS must be avoided or resolved to the benefit of the client. The firm's employees must demonstrate honesty and fairness in all dealings and must not take inappropriate advantage of the position that is provided as an employee of AGFUS or inappropriate actions that are contrary to federal securities laws.

AGFUS may affect the purchase or sale of securities in which it, or one or more of its officers, directors or employees ("affiliated persons"), directly or indirectly, has a position or interest, or which it or any affiliated person buys or sells for itself. Such transactions may also include trading in securities in a manner that differs from, or is inconsistent with, the advice given to AGFUS's clients.

AGFUS has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 that includes procedures reasonably necessary to prevent violations of the federal securities laws. These procedures include the requirement that Access Persons, which includes all employees of AGFUS and any full-time, on-site contractors, to pre-clear personal securities transactions in order to avoid conflicts with transactions in client accounts. Access Persons are subject to a 30-day hold period and may not trade a security within 5 days of the same security being traded in a client account. Further no trading is permitted in securities where there exists a pending buy or sell order for the same security in a client account. Access Persons are also prohibited from engaging in short sales of securities. Access Persons must also direct their brokers to provide the firm with duplicate confirmations and statements, which the firm's Chief Compliance Officer or designee will review to detect violations of the Code. AGFUS requires that all employees submit transaction reports monthly and holdings reports initially and annually, and sign an acknowledgment annually that they have received, read and agree to abide by the Code.

AGFUS may, from time to time, perform a variety of services for, or solicit business from, companies, including issuers of securities that AGFUS may recommend for purchase or sale by, or in which AGFUS may effect transactions for, the account of AGFUS's clients. In connection with providing these services, AGFUS and its affiliated persons may come into possession from time to time of material non-public or other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. AGFUS's Inside Information Policy, which is included in the Code, requires employees in possession of "material non-public information" to maintain the confidentiality of such information and abstain from trading until it has been publicly disclosed. When an employee comes into possession of material non-public information, the employee is required to report this fact to AGFUS's Chief Compliance Officer and Chief Executive Officer. Appropriate steps will then be taken to prevent any investment decisions being made on the basis of such information.

AGFUS Code also indicates that Access Persons are prohibited from receiving compensation in any form from any person or entity that does business with or on behalf of a client. Access Persons are expected to use particular care and good judgment to achieve and maintain independence and objectivity. Gifts received in the course of business by AGFUS employees, regardless of value, must be disclosed monthly. The Chief Compliance Officer or designee compiles and monitors a log of all gifts and entertainment given or received to ensure adherence to the stated policy.

AGFUS will provide a copy of the firm's Code to any client or prospective client on request.

### **Item 12 - Brokerage Practices**

AGFUS and its affiliates, including Highstreet, share trading facilities and personnel ("Shared Desk"). Where a Shared Desk is involved in executing trades for AGF Investment LLC clients, personnel on the Shared Desk do so as associated persons of AGFUS and are subject to AGFUS's applicable policies and procedures and supervision. The Shared Desk is also subject to the oversight at an enterprise level and to enterprise-wide brokerage policies and procedures that are reasonably designed to assure that traders seek best execution for client transactions and are compliant with relevant laws, rules and regulations.

#### **Selection of Broker-Dealers**

AGFUS, when determining the ability of a broker-dealer to obtain best execution of securities transactions, considers a number of factors, including, but not limited to, the execution capabilities required for the transactions; the reasonableness of commission rates compared to brokers that provide comparable services; the importance to the account of speed, efficiency and confidentiality; the broker-dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold; and, the reputation and perceived soundness of the broker-dealer.

Although AGFUS generally seeks competitive commission rates, it will not always pay the lowest commission or commission-equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

#### **Research and Other Soft Dollar Benefits**

AGFUS may request that broker-dealers that effect transactions for the firm's clients allocate a portion of their commissions to a pool of soft dollar credits maintained by the introducing or executing broker-dealer. At AGFUS's direction, the introducing or executing broker-dealer will pay independent research providers (including other broker-dealers) for research products and services from this pool of soft dollar credits. This type of arrangement is called a commission sharing arrangement ("CSA") because the introducing or executing broker-dealer will share its commission with an independent research provider to pay for research products and services. AGFUS has executed CSAs with several brokers. By executing trades with broker-dealers that pay independent research providers for products or services, AGFUS may cause clients to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. The research services furnished by broker-dealers in soft dollar trades may be used to service all



accounts and may not necessarily be used only in connection with the accounts that paid commissions related to the research obtained. Since AGFUS obtains a benefit from these services, which it does not pay for itself, there may be an incentive to select or recommend a broker-dealer based on AGFUS's interest in receiving the research or other products or services.

To ensure that AGFUS is continually seeking best execution, AGFUS reviews all trades on a regular and on-going basis. AGFUS Brokerage Committee reviews all soft dollar arrangements quarterly to determine the reasonableness of the amount of soft dollar expenditures relative to the benefits associated with the products and services obtained. The Chief Compliance Officer or designee performs a review of all soft dollar arrangements at least annually to ensure compliance with Section 28(e) of the Securities Exchange Act of 1934 and that the value of the research and brokerage services provided justifies the additional cost incurred. All soft dollar arrangements will satisfy the Section 28(e) safe harbor provision. Only those services deemed to enhance the investment decision-making process are eligible for soft dollar payments.

### **Brokerage for Client Referrals**

AGFUS does not direct client trades to brokers in exchange for client referrals.

### **Directed Brokerage**

At a client's request, AGFUS may direct a portion of the client's trades to a broker specified by the client. Every effort is made to ensure best execution. However, there is no guarantee that best execution can be achieved while consistently meeting the client's directed brokerage targets. The fact that AGFUS may not achieve best execution in a directed brokerage arrangement will be disclosed to clients. AGFUS does not recommend, request or require clients to direct transactions to a specific broker.

### **Aggregation of Trades**

Normally, orders are directed to brokers for execution regardless of venue at the Fund level at the close of the market, which should minimize any differences in price for transactions in the same security. Orders for other accounts, including separately managed accounts, are executed during the course of the trading day. When it is determined to be in the best interest of the ETFs and accounts managed by AGFUS, AGFUS will aggregate purchases and sales provided that all clients are treated fairly and equitably.

AGFUS's Brokerage Committee reviews a sample of trades for the same security on the same side of the market executed for each ETF and account to ensure that prices and commission costs are comparable on a quarterly basis.

### **Item 13 - Review of Accounts**

Portfolio managers review accounts on a regular basis and no less than weekly. Accounts are reviewed to determine conformity to investment guidelines and objectives. Reviews of separately managed accounts may be conducted more frequently as certain events, such as unexpected contributions or withdrawals, client-directed changes to investment policy statements, and rating changes for securities held, may trigger immediate reviews.

Special reports can be developed that are tailored to meet specific client requirements.

**Item 14 - Client Referrals and Other Compensation**

In accordance with Rule 206(4)-3 (the “Referral Rule”) under the Advisers Act, AGFUS may, from time to time, enter into written arrangements with third party marketers which AGFUS will compensate for client referrals to the firm. If AGFUS or any of its employees engage third parties to solicit investment advisory business on behalf of the firm, it will only do so according to the provisions of the Referral Rule. Prior to engaging any third party solicitor, AGFUS performs due diligence of the solicitor(s) in question to determine whether or not the solicitor(s) meet the definition of a regulated person as defined by the Referral Rule.

**Item 15 - Custody**

AGFUS does not maintain custody of clients’ assets.

**Item 16 - Investment Discretion**

Currently, AGFUS has the authority to determine, without obtaining specific consent, the securities to be purchased or sold, amount of securities to be purchased or sold, the broker or dealer to be used and the ability to negotiate commission rates with brokers. However, clients may ask AGFUS to direct trades, restrict certain securities, or adhere to investment guidelines that deviate from standard investment strategy. AGFUS will enter into investment management agreements with all clients that include AGFUS’s discretionary authority and the client’s investment guidelines. AGFUS also provides model investment and research services to clients where it does not have investment discretion.

**Item 17 - Voting Client Securities**

AGFUS has adopted proxy voting policies and procedures pursuant to Rule 206(4)-6 under the Advisers Act and seeks to vote proxies for which it has discretionary authority in the best interests of all clients for which the firm has the authority to vote proxies. AGFUS votes proxies in a way that the firm believes will maximize the monetary value of each portfolio’s holdings with respect to proposals that are reasonably anticipated to have an impact on the current or potential value of a security.

Clients may establish their own proxy voting guidelines,, or direct AGFUS to vote contrary to established guidelines in a particular solicitation. AGFUS receives a summary of votes from ISS quarterly. AGFUS’s Chief Compliance Officer or designee is responsible for reviewing the votes and ensuring that the votes have been voted according to the client’s guidelines.

Clients may obtain information about how their proxies were voted by contacting AGFUS at 53 State Street, Suite 1308, Boston, MA, 02109.

**Item 18 - Financial Information**

AGFUS does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and, therefore, is not required to include a balance sheet with this Brochure. In addition, AGFUS has no financial conditions that impair its ability to meet contractual commitments to clients and has not been the subject of any bankruptcy proceedings.