

Dynamic Active U.S. Mid-Cap ETF

Annual Management Report of Fund Performance For the year ended December 31, 2023

This annual management report of fund performance contains financial highlights but does not contain the annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling toll-free 1-800-268-8186, by writing to us at 1832 Asset Management L.P., Dynamic Funds Tower, 40 Temperance Street, 16th Floor, Toronto, ON, M5H 0B4 or by visiting our website at www.dynamic.ca or SEDAR+ at www.sedarplus.ca.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's interim financial statements, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

1832 Asset Management L.P. is the manager (the "Manager") of the fund. In this document, "we", "us", "our" and the "Manager" refer to 1832 Asset Management L.P. and the "Fund" refers to Dynamic Active U.S. Mid-Cap ETF.

The term "net asset value" or "net asset value per unit" in this document refers to the net asset value determined in accordance with Part 14 of National Instrument 81-106 – Investment Fund Continuous Disclosure ("National Instrument 81-106"); while the term "net assets" or "net assets per unit" refers to total equity or net assets attributable to unitholders of the Fund as determined in accordance with IFRS Accounting Standards.

Caution Regarding Forward-Looking Statements

Certain portions of this report, including, but not limited to, "Recent Developments", may contain forward-looking statements about the Fund and the underlying funds, as applicable, including statements with respect to strategies, risks, expected performance events and conditions. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", "projects" and similar forward-looking expressions or negative versions thereof.

In addition, any statement that may be made concerning future performance, strategies or prospects and possible future action by the Fund is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, current assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance and actual results or events could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, such as interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government relations, unexpected judicial or regulatory proceedings and catastrophic events. We stress that the above mentioned list of important factors is not exhaustive. Some of these risks, uncertainties and other factors are described in the Fund's simplified prospectus, under the heading "Risk Factors".

We encourage you to consider these and other factors carefully before making any investment decisions. Forward-looking statements should not be unduly relied upon. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next management report of fund performance, and that the forward-looking statements speak only to the date of this management report of fund performance.

Investment Objective and Strategies

The Fund seeks to provide long-term capital growth by investing primarily in equity securities of U.S.-based companies with mid-capitalization.

Risk

The risks associated with investing in the Fund are as described in the prospectus. There were no material changes to the Fund over its last completed financial year that affected the overall level of risk of the Fund.

Results of Operations

For the year ended December 31, 2023 (the "period"), the Series A units of the Fund generated a total return of 7.5%. Fund returns are reported net of all management fees and expenses, unlike the returns of the Fund's benchmark, which is based on the performance of an index that does not pay fees or incur expenses.

The Fund's broad-based benchmark, the S&P Mid Cap 400 Index (C\$), returned 11.7% during the same period. In accordance with National Instrument 81-106, we have included a comparison to broad-based indices to help you understand the Fund's performance relative to the general performance of the market.

The U.S. equity market ended the 12-month period in positive territory as the S&P 500 Index (C\$). Despite the risk-on

environment, Mid Caps underperformed with the S&P Mid Cap 400 Index (C\$) posting a return of 11.7%.

In 2023, we saw the U.S. Federal Reserve (Fed) ease the foot off the accelerator and raised interest rates only four times this year versus seven interest rate hikes in 2022. The rate hikes over the last couple of years had a positive impact in taming inflation. Inflation fell from 6.4% at the start of the year to 3.1% in November, inching closer to the Fed's target rate of 2%. Fed Chairman Powell indicated that the central bank was aware of the risk of keeping interest rates at restrictive levels for too long. Powell added, 'You wouldn't wait to get to 2% [inflation] to cut rates. It would be too late.'

Equity markets registered strong gains in the final quarter by expectations that interest rate cuts may be approaching in 2024. The U.S. economic outlook has also brightened in recent months as healed supply chains and an influx of workers into the labour force are curbing wage and price increases without causing broad economic weakness.

Eight of the 11 GICS (Global Industry Classification Standard) sectors in the Mid Cap Index posted positive returns over the 12-month period. The best performing sectors were Industrials, Consumer Discretionary and Information Technology. The worst performing sectors were Utilities, Communication Services and Health Care.

The Fund underperformed its benchmark over the period as a result of security selection in Industrials, Financials and Consumer Discretionary. While Industrials was a top contributor for the Fund, the Fund's quality-oriented holdings lagged the benchmark in the first half of the period, which was led by companies in cyclical areas such as building products and construction. In Consumer Discretionary, holdings in retail and apparel were the top detractors relative to the benchmark. Meanwhile, Financials' underperformance largely came down to performance in one security, First Republic, which was one of the banks that was closed by the FDIC in the U.S. regional banking crisis.

The portfolio made a number of changes during the period, with the largest being a significant reduction in the Consumer Discretionary weighting, where the Fund exited a number of retail, apparel and resort holdings. The portfolio's only Utilities holding was also sold, while Health Care was modestly trimmed. Meanwhile, exposure was added across a number of cyclical sectors, including Energy, Financials, Industrials and Materials.

The portfolio's top contributors to performance were Industrials and Information Technology. Performance in these sectors was relatively concentrated in both sectors, driven largely by Fair Isaac in Information Technology and Lennox International in Industrials. Another notable contributor was Financials holding Brown & Brown, an insurance brokerage. However, Financials was an overall detractor due to its holding in a U.S. regional bank, First Republic. Communication Services and Utilities were also sectors that finished the period in negative territory. Again, these were instances where select holdings had large impacts, including Telus International Cda in Communication Services and NextEra Energy Partners in Utilities. The position in NextEra

Energy Partners was sold during the period as the company meaningful cut its dividend growth targets.

The Fund's net asset value decreased to \$23.4 million at December 31, 2023, from \$85.3 million at December 31, 2022. This change was composed of investment performance of \$1.6 million, net redemptions of \$63.4 million and cash distributions of \$0.1 million. The investment performance of the Fund includes income and expenses which vary year over year. The Fund's income and expenses changed compared to the previous year mainly as a result of fluctuations in average net assets, portfolio activity and changes in the Fund's income earning investments.

The Fund may make distributions at a rate determined by the Manager from time to time. If the aggregate amount of distributions exceeds the portion of net income and net realized capital gains, the excess will constitute a return of capital. The Manager does not believe that the return of capital distributions made by the Fund have a meaningful impact on the Fund's ability to implement its investment strategy or to fulfill its investment objective.

Recent Developments

There have been no recent developments that have affected, or likely to materially affect the Fund.

Related Party Transactions

The Manager is a wholly-owned subsidiary of The Bank of Nova Scotia ("Scotiabank"). Scotiabank also owns, directly or indirectly, 100% of Scotia Securities Inc., a mutual fund dealer, and Scotia Capital Inc. (which includes ScotiaMcLeod and Scotia iTRADE), an investment dealer.

The Manager, on behalf of the Fund, may enter into transactions or arrangements with other members of Scotiabank or certain other companies that are related or connected to the Manager (each a "related party"). All transactions between the Fund and the related parties are in the normal course of business and are carried out at arm's length terms.

The purpose of this section is to provide a brief description of any transaction involving the Fund and a related party.

Management Fees

The Manager is responsible for the day-to-day management and operations of the Fund. The Fund pays the Manager a management fee for its services as described in the "Management Fee" section later in this document. The management fee is an annualized rate based on the net asset value of the Fund, accrued and calculated daily and paid monthly.

Operating Expenses

The Fund is responsible for fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the Independent Review Committee, brokerage expenses and commissions, fees relating to the usage of derivatives, income tax, harmonized sales tax ("HST"), withholding and other taxes.

Apart from the initial organizational costs of the Fund, all expenses related to the issuance of units of the Fund shall be

borne by the Fund unless otherwise waived or reimbursed by the Manager. Further details about the Fund's operating expenses can be found in the Fund's most recent prospectus.

The Manager, at its sole discretion, may waive or absorb a portion of the Fund's operating expenses. These waivers or absorptions may be terminated at any time without notice.

Independent Review Committee

The Manager has established an independent review committee (the "IRC") in accordance with National Instrument 81-107 – Independent Review Committee for Investment Funds ("NI 81-107") with a mandate to review and provide recommendations or approval, as required, on conflict of interest matters referred to it by the Manager on behalf of the Fund. The IRC is responsible for overseeing the Manager's decisions in situations where the Manager is faced with any present or perceived conflicts of interest, all in accordance with NI 81-107.

The IRC may also approve certain mergers between the Fund and other funds, and any change of the auditor of the Fund. Subject to any corporate and securities law requirements, no securityholder approval will be obtained in such circumstances, but you will be sent a written notice at least 60 days before the effective date of any such transaction or change of auditor. In certain circumstances, securityholder approval may be required to approve certain mergers.

The IRC has four members, Stephen J. Griggs (Chair), Steven Donald, Heather A. T. Hunter and Jennifer L. Witterick, each of whom is independent of the Manager.

The IRC prepares and files a report to the securityholders each fiscal year that describes the IRC and its activities for securityholders as well as contains a complete list of the standing instructions. These standing instructions enable the Manager to act in a particular conflict of interest matter on a continuing basis provided the Manager complies with its policies and procedures established to address that conflict of interest matter and reports periodically to the IRC on the matter. This report to the securityholders is available on the Manager's website or, at no cost, by contacting the Manager.

The compensation and other reasonable expenses of the IRC will be paid out of the assets of the Fund as well as out of the assets of the other investment funds for which the IRC may act as the independent review committee. Each member of the IRC receives an annual retainer of \$62,000 (\$77,000 for the Chair), plus expenses for each meeting. The fees and expenses, plus associated legal costs, are allocated among all of the funds managed by the Manager for which the IRC acts as the independent review committee in a manner that is considered by the Manager to be fair and reasonable. The main component of compensation is an annual retainer fee. Prior to November 1, 2021, each IRC member

also received a fee for each committee meeting attended. Expenses of the IRC may include premiums for insurance coverage, travel expenses and reasonable out-of-pocket expenses.

The Manager, in respect of the Fund, received the following standing instructions from the IRC with respect to related party transactions:

- Paying brokerage commissions and spreads to a related party for effecting security transactions on an agency and principal basis on behalf of the Fund;
- Purchases or sales of securities of an issuer from or to another investment fund managed by the Manager;
- Investments in the securities of issuers for which a related underwriter acted as an underwriter during the distribution of such securities and the 60-day period following the completion of such distribution;
- Executing foreign exchange transactions with a related party on behalf of the Fund;
- Purchases of securities of a related party;
- Entering into over-the-counter derivatives on behalf of the Fund with a related party;
- Outsourcing products and services to related parties which can be charged to the Fund;
- Acquisition of prohibited securities as defined by securities regulations;
- Trading in mortgages with a related party;
- Entering into a designated broker agreement with a related party; and
- Entering into a prime broker agreement with a related party.

The Manager is required to advise the IRC of any breach of a condition of the standing instructions. The standing instructions require, among other things, that the investment decision in respect to a related party transaction: (a) is made by the Manager free from any influence by an entity related to the Manager and without taking into account any consideration to any associate or affiliate of the Manager; (b) represents the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; and (c) is made in compliance with the Manager's written policies and procedures. Transactions made by the Manager under the standing instructions are subsequently reviewed by the IRC to monitor compliance.

The Manager, in respect of the Fund, did not rely on IRC standing instructions regarding related party transactions during the period.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods indicated. The information on the following tables is based on prescribed regulations and as a result, is not expected to add across due to the increase (decrease) in net assets from operations being based on average units outstanding during the period and all other numbers being based on actual units outstanding at the relevant point in time. Footnotes for the tables are found at the end of the Financial Highlights section.

The Fund's Net Assets per Unit (\$) ⁽¹⁾

For the period ended	Net assets, beginning of period	Increase (decrease) from operations					Distributions				Net assets, end of period ⁽¹⁾	
		Total revenue	Total expenses	Realized gains (losses) for the period	Unrealized gains (losses) for the period	Total increase (decrease) from operations ⁽²⁾	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital		Total distributions ⁽³⁾
Dec. 31, 2023	10.67	0.19	(0.13)	0.29	0.58	0.93	(0.07)	–	–	–	(0.07)	11.40
Dec. 31, 2022	11.73	0.14	(0.12)	5.84	0.08	5.94	(0.01)	–	(0.43)	–	(0.44)	10.67
Dec. 31, 2021	9.57	0.11	(0.09)	1.57	(0.26)	1.33	(0.05)	–	(0.52)	–	(0.57)	11.73
Dec. 31, 2020	8.59	0.15	(0.07)	0.38	0.60	1.06	(0.08)	–	(0.22)	(0.00) ⁽⁴⁾	(0.30)	9.57
Dec. 31, 2019	7.36	0.10	(0.07)	0.14	1.10	1.27	(0.04)	–	(0.14)	–	(0.18)	8.59

(1) This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements may differ from the net asset value per unit. An explanation of these differences can be found in note 2 of the Fund's financial statements. The net asset value per unit at the end of the period is disclosed in Ratios and Supplemental Data.

(2) Net assets per unit and distributions per unit are based on the actual number of units outstanding for the Fund at the relevant time. The increase (decrease) in net assets from operations per unit is based on the weighted average number of units outstanding for the Fund over the period.

(3) Distributions were paid in cash or reinvested in additional units of the Fund.

(4) Rounds to less than \$0.01

Ratios and Supplemental Data

As at	Total net asset value (000's) (\$) ⁽¹⁾	Number of units outstanding ⁽¹⁾	Management expense ratio ("MER") (%) ⁽²⁾	MER before waivers or absorptions (%) ⁽²⁾	Trading expense ratio ("TER") (%) ⁽³⁾	Portfolio turnover rate (%) ⁽⁴⁾	Net asset value per unit (\$) ⁽¹⁾	Closing Market Price (\$) ⁽⁵⁾
Dec. 31, 2023	23,361	2,050,000	0.85	0.85	0.14	114.72	11.40	11.45
Dec. 31, 2022	85,329	8,000,000	0.78	0.78	0.13	730.93	10.67	10.66
Dec. 31, 2021	13,485	1,150,000	0.86	0.86	0.08	92.01	11.73	11.75
Dec. 31, 2020	6,222	650,000	0.87	0.87	0.04	3.98	9.57	9.54
Dec. 31, 2019	5,797	675,000	0.87	0.87	0.06	–	8.59	8.63

(1) This information is provided as at the period end of the years shown.

(2) The management expense ratio is based on the total expenses (including sales tax, and excluding commissions and other portfolio transaction costs) of the Fund and a proportional share of underlying funds' expenses (mutual funds, ETFs and closed-end funds), where applicable, for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs of the Fund and the underlying funds, where applicable, expressed as an annualized percentage of daily average net asset value of the Fund during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(5) Closing market price is as per Toronto Stock Exchange on the last trading day of the Fund's reporting period.

Management Fees

The management fee is an annualized rate based on the net asset value of the Fund, accrued and calculated daily and paid monthly. The management fees cover the costs of managing the Fund, arranging for investment analysis, recommendations and investment decision making for the Fund, arranging for distribution of the Fund, marketing and promotion of the Fund and providing or arranging for other services.

The breakdown of services received in consideration of management fees, as a percentage of the management fees, are as follows:

Management fees (%)	Dealer compensation (%)	Other [†] (%)
0.75	–	100.0

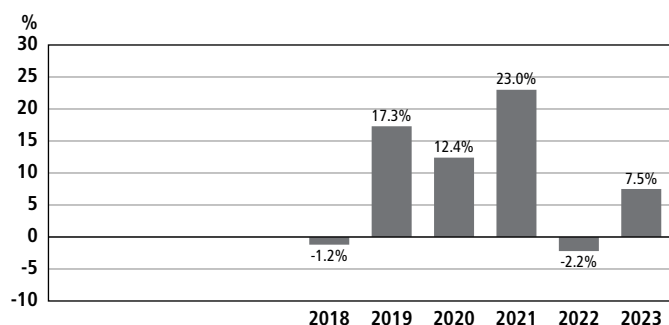
[†] Relates to all services provided by the Manager described above except dealer compensation.

Past Performance

The following shows the past performance for the Fund and will not necessarily indicate how the Fund will perform in the future. The information shown assumes that all distributions made in the periods shown were reinvested in additional units. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

Year-by-Year Returns

The following chart shows the performance of the Fund and illustrates how performance has varied from year to year. The chart shows, in percentage terms, how much an investment held on the first day of each calendar year would have increased or decreased by the last day of each calendar year.



Annual Compound Returns

The annual compound returns table below compares each series of the Fund's performance to one or more benchmarks. A benchmark is usually an index or a composite of more than one index. Fund returns are reported net of all management fees and expenses, unlike the return of benchmarks which are based on the performance of an index that does not pay fees or incur expenses.

		One Year	Three Years	Five Years	Since Inception
Dynamic Active U.S. Mid-Cap ETF	%	7.5	6.4	9.7	9.4
S&P Mid Cap 400 Index (C\$)	%	11.7	8.7	11.5	9.6

Index Descriptions

S&P Mid Cap 400 Index (C\$) – This index is designed to measure the performance of the 400 mid-capitalization companies in the U.S. equity market. Securities are selected based on liquidity and industry group representation and is weighted by float-adjusted market capitalization.

A discussion of the performance of the Fund as compared to its benchmarks is found in the Results of Operations section of this report.

Summary of Investment Portfolio

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. A quarterly portfolio update is available to the investor at no cost by calling 1-800-268-8186, or by visiting www.dynamic.ca, 60 days after quarter end, except for December 31, which is the calendar year end, when they are available after 90 days.

By Asset Type	Percentage of net asset value [†]
Equities	93.7
Cash and Short Term Investments (Bank Overdraft)	6.5
Other Net Assets (Liabilities)	-0.2

By Country / Region ⁽¹⁾	Percentage of net asset value [†]
United States	91.3
Cash and Short Term Instruments (Bank Overdraft)	6.5
Canada	1.4
Ireland	1.0

By Industry ⁽¹⁾⁽²⁾	Percentage of net asset value [†]
Industrials	21.8
Financials	13.2
Materials	12.1
Consumer Discretionary	12.0
Information Technology	9.5
Health Care	9.0
Consumer Staples	7.4
Real Estate	5.9
Energy	2.8
Cash and Short Term Investments (Bank Overdraft)	6.5

Top 25 Holdings	Percentage of net asset value [†]
Cash and Short Term Instruments (Bank Overdraft)	6.5
Donaldson Co., Inc.	6.4
Brown & Brown, Inc.	6.3
Nordson Corp.	5.6
Graphic Packaging Holding Co.	5.5
RPM International, Inc.	5.5
Wyndham Hotels & Resorts, Inc.	4.9
Tyler Technologies, Inc.	4.2
Casey's General Stores, Inc.	4.0
Kohl's Corp.	3.6
Fair Isaac Corp.	3.4
Acuity Brands, Inc.	3.4
Lennox International, Inc.	3.3
Jack Henry & Associates, Inc.	3.1
Permian Resources Corp.	2.8
Avantor, Inc.	2.6
Teleflex, Inc.	2.5
Mid-America Apartment Communities, Inc.	2.2
CorVel Corp.	2.2
Krispy Kreme, Inc.	2.1
Rollins, Inc.	2.1
Americold Realty Trust, Inc.	2.1
Papa John's International, Inc.	2.1
Kinsale Capital Group, Inc.	1.9
Valley National Bancorp	1.9

(1) Excludes other net assets (liabilities) and derivatives.

(2) Excludes bonds and debentures.

† Based on the net asset value, therefore, weightings presented in the Schedule of Investments may differ from the ones disclosed above.