

Strategy Facts

Strategy category:

Global Equity

Benchmark Index:

MSCI All Country World Index

Date of inception:

February 1996

Investment style:

Bottom-up growth

Strategy Managers

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Market Overview

The fourth quarter of 2024 began on a positive note as the U.S. equity market rallied amidst renewed optimism for technology and artificial intelligence (AI) related products. Strong corporate earnings, especially in Financials, also contributed to the market's upward trend. Meanwhile, the conflict in the Middle East, escalating oil prices and lowered expectations of rate cuts by the U.S. Federal Reserve (Fed) were priced in by investors.

Donald Trump's victory in November's presidential election aided investor sentiment and the perceived shift towards a more business-friendly Trump administration and the possibility of further tax cuts, more stringent trade policies and expansionary fiscal policy all continued to boost U.S. equity markets.

As the U.S. quarterly GDP growth numbers continued to rise, the Fed continued easing key lending rates. During the November and December Fed meeting, Chairperson Jerome Powell announced a rate cut of 25 bps. The decision came on the back of increasing unemployment numbers in November and rising inflation in both October and November.

However, the possible shift to a more hawkish monetary policy stance in 2025 announced by the Fed in December led to a broad-based selloff impacting the rate-sensitive Real Estate and Consumer Discretionary sectors the most. The short-lived Santa Claus Rally coupled with a relief rally that Washington avoided a government shutdown, and a muted U.S. inflation print also drove market performance.

The fourth quarter of 2024 marked the fifth consecutive quarter of positive year-on-year earnings with the S&P 500 Index posting 2.1% growth. Information Technology, Consumer Discretionary and Communication Services were the top-performing sectors in the index, while Health Care, Materials and Real Estate were the weakest sectors. Large cap stocks outperformed small cap stocks during the quarter and growth stocks outperformed value stocks.

In Europe, inflation rose to 2.4% in December, after falling to an annual low of 1.7% in September. The European Central Bank (ECB) made two rate cuts of 25 bps during the quarter, easing its key policy rate and bringing it to the 3%-3.40% range, in a bid to improve economic and business conditions. Eurozone manufacturing purchasing managers' index (PMI) fell to 45.2 in December, extending two years of continuous monthly contractions in the manufacturing sector.

Meanwhile, the Eurozone's Services PMI rose to 51.4 in December, despite a decrease in new orders. European equities lagged U.S. equities, weighed down by the political turmoil in Germany and France, weak corporate earnings and potential risks from U.S. trade policy.

Strategy Overview

AGF Global Select Strategy outperformed the benchmark, the MSCI All Country World Index, during the quarter. Security selection in Financials and Information Technology contributed the most to overall performance. An overweight allocation to Consumer Discretionary also contributed to performance. On the other hand, an overweight allocation and security selection in Materials detracted the most from performance. An underweight allocation to Energy and security selection in Utilities also detracted from performance.

From a geographic perspective, the Fund's allocations to the United States, Sweden and Canada contributed to performance, while allocations to Argentina, Australia and Israel detracted.

In terms of individual holdings, the top contributors to performance were LPL Financial Holdings Inc., Shopify Inc. and Raymond James Financial Inc., while the top detractors were MercadoLibre Inc., AstraZeneca PLC and Lynas Rare Earths Ltd.

Outlook

We believe the bull market remains intact given the ongoing resilience of the U.S. economy. The economy has been underpinned by a labour market that has been resilient, although there have been some signs of recent softening. While economic growth is slowing, we believe that it will remain positive and supportive for U.S. equity markets.

While the Fed will be cautious with further interest rate cuts in 2025, the easing of inflationary pressures could lead to further cuts in other major economies which could provide support for global equities.

While U.S. equity markets remain strong, global economic and geopolitical changes weigh on investor sentiment. Lower taxes and reduced regulations as anticipated with the incoming Trump administration could catalyze increased economic activity, while proposed import tariffs could potentially reignite inflationary pressures globally.

The strategy manager remains constructive on the long-term outlook of the U.S. equity market, underpinned by strong earnings growth and secular innovative trends, including generative artificial intelligence, health and wellness, and reshoring. While some volatility may be expected along the way, the strategy manager views any corrections as potential buying opportunities.

AGF Global Select Strategy Annualized Returns – Period Ending December 31, 2024

	3 Months	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
AGF Global Select Composite (Gross)	4.7%	29.1%	29.1%	7.8%	17.1%	15.7%	16.4%
AGF Global Select Composite (Net)	4.6%	28.2%	28.2%	7.1%	16.3%	14.9%	15.6%
MSCI All Country World Index	-0.9%	18.0%	18.0%	5.9%	10.6%	9.7%	9.8%
Gross Excess Return	5.6%	11.1%	11.1%	1.9%	6.5%	5.9%	6.6%
Net Excess Return	5.4%	10.2%	10.2%	1.1%	5.7%	5.1%	5.8%

Source: AGF Investments as of December 31, 2024. Past performance is not indicative of future results. Performance is based on AGF Global Select Composite, the GIPS-compliant presentation found at the end of the document. Performance is in U.S. dollars (US\$) and displays gross returns and net-of-fee returns. Net-of-fee returns are calculated by deducting the maximum institutional fee charged from the gross-of-fee return. One cannot invest directly in an index.

Strategy performance is based on the GIPS AGF Global Select Composite. The performance presented is gross and net of fees; rates of return for greater than one year have been annualized. AGF Investments uses Canadian dollar gross of fees returns and converts them on a monthly basis using spot rates sourced from Bloomberg. Net-of-fees returns are calculated by deducting the maximum institutional fee charged from the gross-of-fee return. Actual fees may vary depending upon the fee schedule and size. Past performance is not indicative of future performance.

The value of investments and the income from them can fall as well as rise. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse effect on the value of the investments, sale proceeds, and on dividend or interest income. Investors may not necessarily recoup the full value of their original investment. Investors should be aware that forward looking statements and forecasts may not be realized.

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AGF Global Select Composite January 1, 2014 – December 31, 2023

Year	Gross of Fee Composite Return (%)	Net of Fee Composite Return (%)	Benchmark Return (%)	Number of Portfolios	Internal Dispersion (%)	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)	Composite AUM (USD\$ mil)	Firm AUM (USD\$ mil)
2014	-3.70	-4.38	4.71	1	N/A	12.28	10.48	31.54	24,571
2015	7.10	6.35	-1.84	1	N/A	12.06	10.78	29.88	18,957
2016	9.21	8.45	8.48	1	N/A	12.88	11.07	27.90	20,143
2017	40.92	39.96	24.62	1	N/A	11.38	10.37	39.19	23,063
2018	-2.72	-3.40	-8.93	1	N/A	13.72	10.48	94.52	20,178
2019	29.25	28.37	27.30	1	N/A	14.25	11.21	243.11	23,185
2020	46.86	45.86	16.82	1	N/A	21.38	18.12	776.67	24,066
2021	19.60	18.78	19.04	1	N/A	19.21	16.83	1,946.48	26,706
2022	-14.02	-14.62	-17.96	1	N/A	21.96	19.86	2,166.32	23,091
2023	12.95	12.17	22.81	2	N/A	16.70	16.27	2,853.58	24,659

Compliance Statement

AGF Investments claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. AGF Investments has been independently verified for the periods January 1, 2006 - December 31, 2023.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The AGF Global Select Composite has had a performance examination for the periods January 1, 2006 to December 31, 2023. The verification and performance examination reports are available upon request.

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Firm Definition

Founded in 1957, AGF Management Limited (AGF) is an independent and globally diverse asset management firm. Our companies deliver excellence in investing in the public and private markets through three business lines: AGF Investments, AGF Capital Partners and AGF Private Wealth.

AGF brings a disciplined approach, focused on incorporating sound, responsible and sustainable corporate practices. The firm's collective investment expertise, driven by its fundamental, quantitative and private investing capabilities, extends globally to a wide range of clients, from financial advisors and their clients to high-net worth and institutional investors including pension plans, corporate plans, sovereign wealth funds, endowments and foundations.

Headquartered in Toronto, Canada, AGF has investment operations and client servicing teams on the ground in North America and Europe. AGF serves more than 800,000 investors. AGF trades on the Toronto Stock Exchange under the symbol AGF.B.

*AGF Investments represents AGF's group of companies who manage and advise on a variety of investment solutions managed by its fundamental and quantitative investing teams. AGF Investments Inc. is a wholly-owned subsidiary of AGF Management Limited and conducts the management and advisory of mutual funds in Canada.

Composite Description

The Global Select Composite includes all portfolios invested primarily in shares of companies around the world with superior growth potential.

Composite Creation Date

The composite was created in January 2011. The composite's inception was in December 2005.

Benchmark Description

The benchmark is the MSCI All Country World Index. The MSCI All Country World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

Currency

Valuations and returns are computed and stated in U.S. Dollars.

Minimum Portfolio Size

There is no minimum portfolio size required for inclusion into the composite.

Calculation Methodology

Results reflect the reinvestment of dividends, income and other earnings.

Gross-of-fees returns are presented before management expenses and custodial fees, but after all trading expenses and withholding taxes.

Net of fees returns are calculated by deducting the maximum institutional fee charged from the gross of fee return.

Composite returns are calculated using asset-weighted returns by weighing the individual account returns using beginning-of-period values.

Internal Dispersion Measure

Internal dispersion is calculated using the asset-weighted standard deviation of all accounts included in the composite for the entire year; it is not presented for periods less than one year or when there were five or fewer portfolios in the composite for the entire year as this is not considered meaningful.

Three-year Annualized Ex-post Standard Deviation

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is presented once the composite has three full calendar years of performance. Gross returns are used to calculate risk measures.

Fee Schedule

The maximum management fee for the Strategy is 0.70% per annum.

Additional Information

The portfolios in this composite are valued at systematic adjusted fair value.

Policies for fair value and systematic adjusted fair value portfolios, calculating performance, preparing compliant presentations, and a complete list and description of firm composites are available upon request at GIPS@AGF.com.

Past performance does not guarantee future results.