

AGF Global Sustainable Equity ADR Strategy



Strategy Commentary

Fourth Quarter 2024

Strategy Facts

Strategy category: Global Equity	Benchmark Index: MSCI World Net Index	Date of inception: December 31, 2018 [^]	Investment style: Growth	Portfolio Managers AGF Investments America Inc. Martin Grosskopf, Portfolio Manager Vishal Bané, Portfolio Manager
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Market Overview

Global equities were volatile and underperformed in the fourth quarter of 2024 due to selloffs in December, despite gains in October and November. Investors priced in the Chinese economic slowdown, conflicts in the Middle East and escalating oil prices. The U.S. Federal Reserve's (Fed) hawkish stance in December and year-end profit-seeking exacerbated the decline. However, the U.S., Taiwan and a few other equity markets registered positive returns led by large cap and growth stocks.

The U.S. economic growth rose to 3.1% quarter-on-quarter in the third quarter of 2024, driven by accelerated personal spending on goods and services, fixed investments and government expenditure. Consumer price inflation rose to 2.7% in November from 2.6% in October due mainly to food and transportation prices. The Fed lowered interest rates by 50 bps, through two cuts of 25 bps each in November and December, bringing key lending rates to the range of 4.25%-4.5%.

European equities were volatile during the quarter, underperforming global and emerging market equities. They were weighed down by several factors, including geopolitical uncertainties, growing inflation and a lackluster growth outlook. Consequentially, low investor confidence slowed the flow of investment funds from Europe to the U.S.

Canadian equities registered modest gains over the quarter, driven by the Information Technology and Financials sectors. Japanese equities also registered modest gains, driven by rising exports and earnings outlook due to a weak Yen. Chinese equities declined over the quarter due to the proposed trade tariffs on Chinese exports and lack of action on stimulus measures.

In November, the U.S. Department of Energy unveiled its first-ever national blueprint aimed at enabling the manufacturing sector to leverage clean energy, thereby enhancing the growth of American manufacturing. Designed to be led by the private sector, the blueprint was developed with input from other federal agencies, including the Environmental Protection Agency and the Department of Commerce.

The Inflation Reduction Act drove over \$200 billion in investments, significantly boosting the economy. Spending was notably concentrated in red states, where investments were four times higher than in blue states. This surge in clean energy and infrastructure spending is expected to accelerate economic

growth, creating jobs and supporting the U.S. transition to sustainable technologies.

Strategy Overview

For the quarter ended December 31, 2024, AGF Global Sustainable Equity ADR Strategy underperformed the MSCI World Net Index benchmark. Security selection and an overweight allocation to Industrials detracted the most from performance. Security selection in Information Technology also detracted, as did an overweight allocation and security selection in Materials. On the other hand, security selection in Energy, Consumer Staples and Real Estate contributed to relative performance.

From a country perspective, security selection in the United States detracted the most from overall performance. An overweight allocation and security selection in Denmark also detracted. On the other hand, security selection in Germany contributed the most to performance. Security selection in Canada also contributed, which was partially offset by an overweight allocation to the country.

The top contributors during the quarter were SECURE Waste Infrastructure Corp., Siemens Energy AG and Sprouts Farmers Market Inc., while the top detractors were DSM-Firmenich AG, First Solar Inc. and Tetra Tech Inc.

SECURE Waste Infrastructure Corp. operates in the waste management services and the energy infrastructure sector in North America. The company is headquartered in Calgary, Canada. The company provides waste management through waste transportation, processing, transfer, storage and recycling for hazardous and non-hazardous materials. The company's stock gained after reporting higher-than-expected third-quarter revenue and profits and raised its guidance for 2025. The company also announced the imminent completion of its acquisition of two metal recycling businesses in early 2025. SECURE also plans to repurchase stocks in 2025.

First Solar designs, manufactures and retails photovoltaic cells, incorporating semiconductor technology. It also provides maintenance services. The company is headquartered in Arizona, United States and operates in the U.S., France, Japan and Chile. First Solar specializes in the thin film semiconductor technology which is a low-carbon alternative to traditional solar modules. The company's stock lagged after reporting lower than expected third-quarter revenues and subsequently lowering its full-year

[^]Inception Date is of the Composite for the AGF Global Sustainable Equity ADR strategy.

guidance. The company's share price was also affected by a \$50 million product warranty charge due to manufacturing issues.

Outlook

In 2025, we believe sectors like clean energy, power for Artificial Intelligence (AI) and data centers have the potential for major growth. Clean energy, despite higher financing costs and geopolitical challenges, continues to thrive, with solar investments surpassing \$500 billion and battery storage growing 20%. Lithium-

ion tech advances are driving cost reductions, making projects more viable. AI's demand for computational power will fuel a rise in global data centers, creating energy challenges. We believe governments might continue to support this transition with policies balancing energy security, jobs, and emissions goals. In tech, the focus is expected to be on deploying renewable solutions like wind and solar to meet immediate needs.

AGF Global Sustainable Equity ADR Strategy Annualized Returns – Period Ending December 31, 2024

	3 Months	YTD	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	10 Year	SPSD ¹
AGF Global Sustainable Equity ADR Composite (Gross)	-8.2%	2.0%	2.0%	7.0%	-6.0%	0.3%	6.5%	9.7%	-	-	-	-	9.7%
AGF Global Sustainable Equity ADR Composite (Net)	-8.4%	1.3%	1.3%	6.3%	-6.6%	-0.4%	5.8%	8.9%	-	-	-	-	8.9%
MSCI World Net Index	-0.2%	18.7%	18.7%	21.2%	6.3%	10.0%	11.2%	13.8%	-	-	-	-	13.7%
Gross Excess Return	-8.1%	-16.7%	-16.7%	-14.2%	-12.3%	-9.7%	-4.6%	-4.1%	-	-	-	-	-4.1%
Net Excess Return	-8.3%	-17.4%	-17.4%	-14.9%	-13.0%	-10.4%	-5.4%	-4.8%	-	-	-	-	-4.8%

Source: AGF Investments as at December 31, 2024. **Past performance is not indicative of future results.** Performance is based on AGF Global Sustainable Equity ADR 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. ¹SPSD is Since Performance Start Date of the composite for the AGF Global Sustainable Equity ADR Strategy, December 31, 2018.

The information contained herein was provided by AGF Investments America Inc. and intends to provide you with information related to the AGF Global Sustainable Equity Composite Strategy at a point in time. It is not intended to be investment advice applicable to any specific circumstance and should not be construed as investment advice. Market conditions may change impacting the composition of a portfolio. AGF Investments America Inc. assumes no responsibility for any investment decisions made based on the information provided herein.

Strategy performance is based on the GIPS AGF Global Sustainable Equity ADR 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.

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The AGF Global Sustainable Equity ADR Strategy is available to institutional clients via various channels. Clients accessing the Strategy through a Separately Managed Account (SMA) platform will experience performance results that differ from results produced by AGF Investments America Inc.'s discretionary management of the Strategy based on a number of factors, including but not limited to fees charged, implementation of the Strategy by the SMA provider and investment restrictions applicable to each client's account. AGF Investments America Inc. does not have investment authority over client accounts accessing the Strategy through an SMA platform.

There are a variety of approaches to sustainable investing, the term may have different meanings at different organizations, AGF Investments suggest reading the investment objective carefully. In addition, industry standards and terminology related to sustainable investments will differ and are evolving.

An Investment in the AGF Global Sustainable Equity (ADR) Strategy is subject to risks including but not limited to - Market Risk: Investments in sustainable themes are subject to market risks similar to other investments. Market conditions, economic factors, and political events may impact performance. Data Reliability: The quality and availability of Environmental, Social, and Governance (ESG) data can vary. Inconsistent or incomplete data can affect the managers ability to assess a company's sustainability practices and performance. Regulatory Risk: Changes in regulations related to sustainability and ESG criteria can impact the value and performance of sustainable investments. Compliance with new regulations may also increase costs for companies. Sector Concentration: Sustainable strategies are subject to concentration risk, investments may be limited to certain sectors, which can increase volatility and risk. Geopolitical Risks: Changes in political leaders, and/or political instability, changes in government policies, and geopolitical tensions can significantly impact global investments and may create greater volatility.

It should not be assumed that an investment in the strategy will be profitable or that the strategy will be able to meet its investment objective.

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AGF Global Sustainable Equity ADR Composite January 1, 2019 – 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)*
2019	27.05	26.18	27.67	1	N/A	N/A	N/A	0.47	23,185
2020	35.35	34.43	15.90	1	N/A	N/A	N/A	0.64	24,066
2021	21.89	21.05	21.82	2	N/A	18.20	17.06	12.91	26,706
2022	-27.38	-27.90	-18.14	2	N/A	23.69	20.43	9.35	23,091
2023	12.31	11.54	23.79	2	N/A	21.33	16.75	8.26	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 Sustainable Equity ADR Composite has had a performance examination for the periods December 31, 2018 to December 31, 2023. The verification and performance examination reports are available upon request.

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Firm Description

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 Sustainable Growth Equity ADR Composite's mandate is to provide capital growth potential by investing in a diversified portfolio of companies around the world, via securities listed on North American exchanges, that fit the composite's concept of sustainable development. The mandate focuses on four major themes: energy and energy efficiency, water/waste water solutions, waste management and pollution control and environment and health and safety, while also performing thorough due diligence on company fundamentals.

Composite Creation Date and Inception Date

The Composite was created on December 31, 2018. The composite's inception was in December 2018.

Benchmark Description

The benchmark is the MSCI World Net Index.

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.

As at December 31, 2023, 100% of this composite was represented by non-fee paying portfolios.

Past performance does not guarantee future results.