

Strategy Commentary

First Quarter 2025

Strategy Facts

<b>Strategy category:</b> Emerging markets equity	<b>Benchmark Index:</b> MSCI Emerging Markets Index	<b>Date of inception:</b> March 1994	<b>Investment style:</b> Core	<b>Strategy Managers</b> AGF Investments America Inc. Regina Chi, CFA
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Market Overview

The MSCI Emerging Markets index saw gains in Q1 2025, outperforming US indices but trailing MSCI Europe Index. This performance was supported by a decline in US Treasury yields and a weaker U.S. dollar, which benefited emerging markets (EM) overall amid ongoing trade tariff concerns and US policy uncertainty. Some emerging European equity markets, including Poland, Greece, and Hungary, posted strong returns, helped by improved eurozone prospects following Germany's fiscal policy changes. China's equity performance also contributed positively, buoyed by optimism surrounding its Artificial Intelligence (AI) capabilities and government stimulus measures aimed at boosting domestic consumption.

Brazil and South Africa saw strong performances in equity market, with Brazil benefiting from a stronger real and an aggressive central bank tightening, while South Africa advanced despite rate cuts. Conversely, India and some Southeast Asian markets like Indonesia and Thailand struggled due to economic growth concerns. Taiwan faced challenges as uncertainty around US trade tariffs impacted its tech sector.

In Asia (excluding Japan), markets were mixed. China led gains, driven by stimulus measures and AI advancements, while markets like Thailand, Taiwan, and Indonesia lagged. Hong Kong saw moderate advances. Concerns over trade policies and slower growth in India weighed on its performance.

The broader macroeconomic landscape in Q1 diverged from initial expectations. While many anticipated a continuation of US stock outperformance under a new Republican administration, elevated uncertainty from US trade policy tempered growth forecasts, particularly in the US. Emerging markets outperformed developed markets. US Treasuries performed well, relatively, amid recession fears.

Strategy Overview

AGF Emerging Markets Equity Strategy underperformed the benchmark, MSCI Emerging Markets Index during the quarter. The largest contributors to performance from a sector perspective were Communication Services and Financials due to favourable allocation and stock selection. Consumer Staples and Information Technology was the biggest detractor from performance due to an unfavourable underweight allocation to the sector and selection effect.

From a country perspective, the Czech Republic, Brazil, and the United States were the biggest contributors to performance. On the other hand, the Strategy's holdings in

China, Indonesia, and South Korea detracted most from overall performance.

In terms of individual holdings, the top contributors to performance during the quarter were Alibaba Group Holding Ltd and Tencent Holdings Ltd, while the top detractors from performance were Infosys Ltd and Delta Electronics Inc.

The top contributor is Alibaba Group Holding. It experienced strong positive stock performance in Q1 2025, driven by several key factors. The company reported robust financial results, exceeding revenue and earnings expectations, which boosted investor confidence. A strategic share buyback program, repurchasing 51 million shares for \$600 million, further enhanced shareholder value. Alibaba's cloud intelligence segment led top-line growth, while its e-commerce business also showed positive momentum. Additionally, strategic business expansions and a potential partnership with Apple contributed to the stock's upward trajectory. Analysts remain optimistic about Alibaba's long-term prospects, with growth supported by China's monetary policy shift and the company's investments in AI, cloud computing, and fintech, positioning it well for future gains.

The top contributor to performance last quarter, Tencent Holdings, is a Chinese multinational conglomerate specializing in various internet-related services and products, including online gaming, social media, fintech, and cloud computing. Its flagship platforms, WeChat and QQ, serve as comprehensive ecosystems offering messaging, payments, and a range of digital services. In Q1 2025, Tencent's stock performed well, driven by a surge in advertising revenue, which increased by 26% year-over-year, and a 3% rise in international gaming revenue. Additionally, the company's net profit rose 62% to 41.8 billion yuan, reflecting strong financial performance across its diversified business segments.

The top detractor from performance last quarter, Infosys Limited (INFY), underperformed in Q1 2025 despite reporting positive year-on-year revenue growth. The company's stock struggled due to concerns over slowing demand for IT services, particularly in its core markets. Additionally, challenges in adjusting to changing client priorities, ongoing cost pressures, and the impact of global economic uncertainty weighed on investor sentiment. While cash flow remained solid, these factors overshadowed the company's growth metrics, leading to its underperformance.

Another detractor from performance, Delta Electronics Inc., is a Taiwanese company specializing in power and thermal

management solutions, serving sectors like industrial automation, data centers, renewable energy, and electric vehicles. Despite a 15% year-over-year revenue increase in January 2025, the company's stock underperformed due to a significant decline in Q4 2024 net profit, which dropped over 50% year-over-year. Factors contributing to this downturn included higher operating expenses, increased tax liabilities in India, and a challenging product mix affecting margins.

### Outlook

We believe EM present a mixed but cautiously optimistic outlook in the near term, shaped by various country-specific dynamics and global trends.

China surprised many investors with an unexpected economic stimulus package in September 2024, which reflected the government's response to growing dissatisfaction around the property market and employment security. Despite the challenges faced by domestic consumption, exports have been a key driver of growth, with China benefiting from its ability to offer goods at competitive prices due to low inflation. However, we believe exports alone are unlikely to sustain the 5% growth target for the world's second-largest economy. In the short term, Chinese equity markets appear attractive as the government rolls out measures to address the property

market and restore consumer confidence. However, the longer-term outlook hinges on the country's ability to implement necessary reforms and overcome the demographic challenges posed by a rapidly aging population.

India, which has been a standout performer in emerging markets in recent years, has faced some headwinds. After outperforming the MSCI Emerging Markets Index by over 20 percentage points in the past two years, MSCI Emerging Markets India Total Return Index have underperformed recently, weighed down by high valuations and weaker economic indicators. We expect the market may face further pressure in the coming months as earnings revisions and economic signals point to potential weakness.

South Africa has seen a strong rebound, aided by an unexpected shift in the political landscape. The formation of a business-friendly coalition has improved investor sentiment and consumer confidence. Reforms in key sectors such as Transnet and tourism could unlock substantial growth potential, making South African equities appealing relative to historical averages and other emerging markets. Despite ongoing challenges, the country's outlook remains positive.

### AGF Emerging Markets Equity Strategy Annualized Returns – Period Ending March 31, 2025

	YTD	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	10 Year
AGF Emerging Markets Equity Composite (Gross)	2.6%	9.2%	3.5%	-0.5%	-3.5%	6.8%	1.8%	1.3%	3.7%	5.1%	3.2%
AGF Emerging Markets Equity Composite (Net)	2.4%	8.4%	2.7%	-1.3%	-4.3%	6.0%	1.0%	0.4%	2.8%	4.1%	2.3%
MSCI Emerging Markets Index	3.0%	8.6%	8.6%	1.9%	-1.5%	8.4%	3.6%	2.0%	4.7%	6.0%	4.1%
Gross Excess Return	-0.4%	0.6%	-5.1%	-2.4%	-2.0%	-1.6%	-1.8%	-0.7%	-1.0%	-1.0%	-0.9%
Net Excess Return	-0.7%	-0.3%	-5.9%	-3.2%	-2.8%	-2.4%	-2.6%	-1.6%	-1.9%	-1.9%	-1.8%

Source: AGF Investments as at March 31, 2025. Past performance is not indicative of future results. Performance is based on AGF Emerging Markets Equity 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-fees 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 Emerging Markets Equity 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.

The information contained herein was provided by AGF Investments America Inc. and intends to provide you with information related to the AGF Emerging Markets Equity 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.

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## AGF Emerging Markets Equity 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	0.69	-0.42	-1.82	5	N/A	15.03	14.99	2,166.18	24,571
2015	-15.98	-16.83	-14.60	4	N/A	12.99	14.04	1,313.42	18,957
2016	10.79	9.70	11.60	3	N/A	14.34	16.07	972.94	20,143
2017	31.58	30.30	37.75	3	N/A	13.51	15.36	1,168.43	23,063
2018	-10.69	-11.58	-14.24	3	N/A	13.42	14.62	1,221.78	20,178
2019	23.53	22.32	18.88	3	N/A	13.88	14.17	1,485.83	23,185
2020	12.28	11.28	18.69	5	N/A	20.49	19.62	1,651.93	24,066
2021	-1.83	-2.63	-2.22	4	N/A	19.74	18.35	1,501.22	26,706
2022	-15.97	-16.65	-19.74	4	N/A	22.05	20.26	1,193.41	23,091
2023	-0.95	-1.74	10.27	4	N/A	18.25	17.14	852.36	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 Emerging Markets Equity 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 Emerging Markets Equity Composite's mandate is to invest primarily in equities of companies that are located or active mainly in emerging market countries with certain social and geographical restrictions. The investment approach is growth at a reasonable price, the investment style is fundamental, bottom-up in managing the portfolios.

### Composite Creation Date

The composite was created in January 2011. The composite's inception was in January 2006.

### Benchmark Description

The benchmark is the MSCI Emerging Markets Index. The MSCI Emerging Markets Index is a market capitalization weighted index that measures the equity performance of 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 0.80% per annum.

**Additional Information**

The portfolios in this composite are valued at both fair value and 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](mailto:GIPS@AGF.com).

Past performance does not guarantee future results.