

Strategy Commentary

First Quarter 2025

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

AGF Investments America Inc.
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Market Overview

The first quarter of 2025 was a challenging period for global equities. Concerns surrounding the U.S. administration's policy agenda and the potential economic impact of trade tensions weighed heavily on corporate and consumer sentiment. The emergence of China's low-cost Artificial Intelligence (AI) model DeepSeek disrupted the technology sector, while February's momentum unwind and the looming threat of heavy tariffs from the U.S., largely eroded investor confidence during the period. While the U.S. Federal Reserve (Fed) held interest rates steady during the quarter, the ongoing conflict in Ukraine exacerbated volatility in commodity markets, particularly in energy.

U.S. equity markets started the year positively, driven by optimism surrounding President Donald Trump's "America First" policy. However, this momentum faltered in late January as DeepSeek, a Chinese AI startup, raised fears of market disruption by offering high-quality content at a significantly lower cost. February's momentum unwind, which resulted in a significant 3-day sell-off for global equities, further deepened market concerns and the situation worsened as trade tensions escalated, with President Trump announcing 25% tariffs on imports from Mexico and Canada, followed by proposals for tariffs on steel, aluminum, and automobiles, further stoking uncertainty.

The global equity market's risk-off sentiment was further driven by mixed economic data. While U.S. GDP growth remained resilient, the yield curve inversion raised alarm about a potential economic slowdown, signalling that the equity market was pricing in greater risks of recession in the near term.

In contrast, European equities (as represented by the MSCI Europe Index) outperformed U.S. stocks, emerging as the top-performing major equity index. However, the European Central Bank (ECB) faced challenges in managing inflation while balancing rate cuts, limiting economic expansion. Germany saw modest economic growth, while France experienced declines in business activity, highlighting regional disparities in Europe's recovery.

China's economy faced ongoing trade tensions and domestic challenges, but its tech sector, particularly DeepSeek, emerged as a bright spot, signalling China's increasing influence in global technology.

Sector performance reflected broader economic trends. Energy, Health Care, and Consumer Staples performed well, benefitting from commodity market volatility, while Consumer Discretionary, Information Technology, and

Communication services lagged. Large cap stocks outperformed small cap stocks and value stocks led growth stocks.

Strategy Overview

For the quarter ended March 31, 2025, AGF Global Select Strategy underperformed the benchmark, the MSCI All Country World Index. Security selection in Financials detracted the most from performance. Security selection in Industrials and an overweight allocation to Consumer Discretionary also detracted from performance. This was partially offset by security selection in Communication Services, which contributed the most to performance. An underweight allocation to Information Technology also contributed to performance, as did security selection in Utilities. The Strategy's cash position further contributed to performance.

From a country perspective, the Strategy's allocations to the United States, Canada and Switzerland detracted from performance, while allocations to Sweden, Argentina and Singapore contributed to performance.

In terms of individual holdings, the top detractors from performance during the quarter were Amazon.com Inc., Alphabet Inc. and Nvidia Corp., while the top contributors to performance were Spotify Technology S.A., Boston Scientific Corp. and Expand Energy Corp.

Outlook

Despite recent challenges, including the sell-off in U.S. election beneficiaries, the strategy manager remains optimistic about the long-term outlook. The manager believes the strategy is well-positioned for growth opportunities, especially in international markets. Germany's fiscal stimulus increased European Union defense spending, and rising momentum in European equities are driving optimism, with inflows into Europe further investment, we believe it could catalyze positive growth in European stocks.

The manager expects Q2 2025 to bring greater clarity to U.S. policies, potentially sparking a global market rally as historically, certainty has tended to drive positive momentum. Despite concerns over tariffs, the U.S. economy is expected to continue expanding, supported by consumer resilience, strong corporate cash flow, and well-capitalized balance sheets. While tariffs may impact goods and manufacturing, we believe the services-driven economy should help mitigate some negative effects.

A reset in U.S. earnings expectations is anticipated in Q2, which could set the stage for broader global economic growth. We

continue to focus on identifying emerging market leaders and capturing volatility-driven opportunities in sectors poised for growth. The strategy remains agile, responding to market pullbacks and using them to capture leadership positions in future growth trends.

AGF Global Select Strategy Annualized Returns – Period Ending March 31, 2025

	3 Months	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
AGF Global Select Composite (Gross)	-3.3%	-3.3%	12.8%	8.2%	21.1%	14.4%	15.0%
AGF Global Select Composite (Net)	-3.5%	-3.5%	12.0%	7.5%	20.3%	13.6%	14.2%
MSCI All Country World Index	-1.2%	-1.2%	7.6%	7.4%	15.7%	9.7%	9.4%
Gross Excess Return	-2.1%	-2.1%	5.2%	0.8%	5.4%	4.7%	5.7%
Net Excess Return	-2.2%	-2.2%	4.4%	0.0%	4.6%	3.9%	4.9%

Source: AGF Investments as of March 31, 2025. 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.

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