

AGF Global Sustainable Equity ADR Strategy



Strategy Commentary

First Quarter 2025

Strategy Facts

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

The first quarter of 2025 was a challenging period for global equities due to global trade uncertainties and disruptive technological advancements. The Emerging Market (EM) and European equities outperformed Developed Markets (DMs) during the quarter. Headwinds from the U.S. trade policy dampened economic growth and global trade.

The U.S. economic growth slowed to 2.4% quarter-on-quarter in the fourth quarter of 2024, due to contraction investment and government expenditure. Consumer price inflation cooled to 2.8% due to lower energy costs. The Federal Reserve (Fed) held policy rates steady, due to uncertainty from the new tariff policies. The U.S. manufacturing sector reverted to contraction in March with a PMI of 49.8 due to shrinkage in new orders. The unemployment rate also rose to 4.2% by March.

European equities posted gains benefiting from the investors' rotation to value stocks and strong corporate earnings. Investor sentiment was buoyed by Germany's relaxation of the debt break and the plan to invest €500 billion in developing defense infrastructure. The European Central Bank eased its key refinancing rate, citing declining inflation, and a slight improvement in overall productivity. In Canada, the Bank of Canada cut interest rates by 25 bps twice over the quarter to 2.75% in March, to fuel economic activity. The manufacturing and services sectors contracted over the quarter, due to declining export orders.

In January, the U.S. Climate Alliance sent a letter to the Executive Secretary of the United Nations Framework Convention on Climate Change, affirming the Alliance's dedication to the Paris Agreement, regardless of President Trump's decision to withdraw it. It also indicated that they are on course to achieve their short-term climate goal of reducing collective net greenhouse gas emissions by 26% from 2005 levels by 2025. However, in February, President Trump issued the "Unleashing American Energy" executive order, instructing the federal government to stop the allocation of funds designated by the Inflation Reduction Act and the Infrastructure Investment and Jobs Act.

In February, several states in the U.S., including Colorado, Illinois, Maine, New Jersey and New York introduced new climate disclosure bills. The European Commission introduced the Omnibus Package, which included substantial revisions to both the Corporate Sustainability Reporting Directive and the Corporate Sustainability Due Diligence Directive. The European Commission also unveiled its proposal for the "Clean Industrial

Deal," designed to expedite decarbonization efforts and support clean technology sectors.

Strategy Overview

For the quarter ended March 31, 2025, AGF Global Sustainable Equity ADR Strategy underperformed the benchmark, the MSCI World Net Index, due to security selection, which was partially offset by sector allocation decisions. From a sector perspective, security selection in Industrials was the biggest detractor from overall performance, which was partially offset by an overweight allocation to the sector. An underweight allocation to Financials and stock selection in Health Care also detracted. This was partially offset by an underweight allocation to Information Technology, which contributed the most to relative performance. An underweight allocation and security selection in Consumer Discretionary also contributed, along with stock selection in Consumer Staples.

From a country perspective, security selection in Italy detracted the most from overall performance, which was partially offset by an overweight allocation to the country. Security selection in Japan also detracted. Stock selection in Canada also detracted which was partially offset by an overweight allocation to the country. On the other hand, an overweight allocation to France contributed the most to performance, which was partially offset by security selection in the country. Stock selection in Ireland also contributed. Stock selection in Denmark contributed as well, which was partially offset by an overweight allocation.

In terms of individual holdings, the top detractors from performance during the quarter were Quanta Services Inc., Prysmian S.p.A. and First Solar Inc., while the top contributors were Sprout Farmers Market Inc., Danone S.A. and Ecolab Inc.

Sprout Farmers Market operates in the retail segment specializing in the supply of natural and organic food products and is headquartered in Arizona. The company's stock gained after reporting higher-than-expected third-quarter revenue and profit and raising its guidance for 2025. The company also announced expansion plans in Florida.

Prysmian is a global energy and communications company. It is a manufacturer, supplier and installer of cables for the energy and telecommunications industries, headquartered in Italy. The company's stock price declined after the company's annual earnings came in lower than expected. Prysmian also faced setbacks due to the recent global trade war, lowered guidance

^aInception Date is of the Composite for the AGF Global Sustainable Equity ADR strategy.

for 2025 and Microsoft's cancelled investment plans in AI data centers.

Outlook

The strategy manager believes that in 2025, initiatives like clean energy, 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 in 2024 and battery storage expected to grow by 20% between 2024 and 2030. Lithium-ion technology advances are

driving cost reductions, making projects more viable despite the oversupply of lithium. AI's demand for computational power may fuel a rise in global data centers, creating energy challenges. In technology, the focus is expected to be on deploying renewable solutions like wind and solar to meet immediate needs. We believe that the growth of renewable energy deployment should continue its trajectory as it increases more share within the global energy mix.

AGF Global Sustainable Equity ADR Strategy Annualized Returns – Period Ending March 31, 2025

	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)	-3.8%	-3.8%	-6.6%	0.8%	-1.8%	-1.2%	10.3%	6.5%	-	-	-	-	8.6%
AGF Global Sustainable Equity ADR Composite (Net)	-3.9%	-3.9%	-7.2%	0.1%	-2.5%	-1.9%	9.6%	5.7%	-	-	-	-	7.9%
MSCI World Net Index	-1.8%	-1.8%	7.0%	15.7%	7.6%	8.2%	16.1%	11.2%	-	-	-	-	12.8%
Gross Excess Return	-2.0%	-2.0%	-13.6%	-14.9%	-9.4%	-9.4%	-5.8%	-4.8%	-	-	-	-	-4.2%
Net Excess Return	-2.1%	-2.1%	-14.3%	-15.6%	-10.1%	-10.1%	-6.5%	-5.5%	-	-	-	-	-5.0%

Source: AGF Investments as at March 31, 2025. **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-fees 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.

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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.