

## Strategy Commentary

Third Quarter 2024

### Strategy Facts

<b>Strategy category:</b> Global Equity	<b>Benchmark Index:</b> MSCI (All Country) World Total Return Index	<b>Date of inception:</b> May 1995	<b>Investment style:</b> Core	<b>Strategy Managers</b> AGF Investments America Inc. Stephen Way, CFA
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### Market Overview

The third quarter of 2024 was an eventful period for global equities, with markets in many of the developed economies reaching new highs. The rally was initially driven by the performance of large cap technology stocks. However, later in the quarter, a period of market rotation broadened the equity market's earnings to low and mid cap stocks from concentration in large cap stocks, due to below-expected earnings results from some large cap companies. Major central banks including the U.S. Federal Reserve (Fed), the Bank of Canada (BoC), the Bank of England and the European Central Bank, initiated rate cuts in response to slowing inflation across the regions.

The U.S. economy experienced a 3% quarter-on-quarter growth in the second quarter of 2024, driven by consumer spending, private inventory investment, government spending and non-residential fixed investments. Consumer price inflation slowed to 2.5% in August from 2.9% in July, due to falling energy prices and cooling of food and transportation prices. The Fed eased the federal funds rate for the first time in over four years as a 50 bps cut put key lending rates in the range of 4.75%-5%. The cut was introduced at a time when the high unemployment rate stood at 4.2% in August and there has been a continuous contraction in manufacturing activity.

Equity markets in the European Union (EU) endured a contraction in manufacturing, poor economic growth and high energy costs. EU markets recorded positive returns for the quarter; however underperforming global and emerging markets, were weighed down by falling demand and declining business confidence. Geopolitical conflicts have also severely eroded the profitability of European companies. Canadian equities gained even as the economy recorded a 0.5% growth rate in the second quarter. Unemployment rose to 6.6% in August even as inflation fell to the desired 2% mark. The BoC eased rates in July and September, leading to higher consumer confidence levels and softer contractions in manufacturing activity.

Japanese equities underperformed in the quarter following the appreciation in the Japanese Yen, affecting investor sentiment. Inflation rose marginally in August while unemployment sharply decreased, and manufacturing stagnation persisted. The Bank of Japan raised the interest

rate to 0.25% at the end of July which led to the global unwinding of the Yen carry trade.

Chinese equities surged at the end of the quarter, fuelled by the stimulus package and lowering of short-term rates announced by the People's Bank of China. Meanwhile, Taiwan's economy significantly benefitted from increased demand for Artificial Intelligence (AI)-related equipment.

### Strategy Overview

AGF Global Equity Strategy outperformed the MSCI All Country World Index benchmark during the quarter. The Financials sector was the biggest contributor to performance owing to stock choices and a favourable overweight allocation to the sector. Information Technology also contributed to performance due to an underweight allocation to the sector and positive security selection decisions. This was partially offset by Communication Services, which detracted the most due adverse stock selection decisions. Industrials also detracted due to security selections within the sector, but the effect was partially offset by a favourable overweight allocation.

From a country perspective, the United States was the biggest contributor to overall performance, followed by Japan and the United Kingdom. On the other hand, South Korea was the biggest detractor, followed by Canada and Germany.

In terms of individual holdings, the top contributors during the quarter were Aflac Inc., AIA Group and WH Smith, while the top detractors were Alphabet Inc., Samsung Electronics and Waste Management Inc.

Aflac is the largest provider of supplemental insurance in America and is headquartered in Georgia, United States. The company's stock value gained following the announcement of strong second-quarter results of \$1.8 billion in net earnings, repurchase of shares and \$0.5 per share dividend for the third quarter.

Alphabet is a holding company that operates through Google Services, Google Cloud and Other Bets and is headquartered in the United States. The company's stock declined due to lower-than-expected YouTube revenues, higher long-term AI spending which harmed near-term prospects and a new antitrust trial by the U.S. Department of Justice.

## Outlook

We continue to be optimistic about global equities as markets reach newer highs. We believe the U.S. economy having a soft landing is a likely scenario. Currently, the market has priced in two more rate cuts by the Fed in 2024, conditional on inflation remaining close to the 2.0% target and the health of the labour market. Further easing of interest rates is likely to inspire risk-on sentiment and fuel higher corporate earnings. Emerging markets are likely to offer high-yield investment opportunities for foreign funds. As the Fed lowers rates, other central banks are likely to follow suit to some degree.

European markets continue to be a cause of concern due to the contraction in manufacturing and the decline in new orders. A third rate cut by the European Central Bank seems likely to boost economic activity. The upcoming U.S. elections in November are also a potential source of turbulence, while the lagged effects of China's economic

stimulus decisions are also uncertain. Overall, our outlook for global equities remains positive supported by the resilient economy. We would see any corrections as potential buying opportunities.

## AGF Global Equity Strategy Annualized Returns – Period Ending September 30, 2024

	YTD	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
AGF Global Equity Composite (Gross)	18.4%	29.7%	23.7%	8.3%	14.2%	10.9%	9.3%	8.4%	9.7%	10.2%	8.5%
AGF Global Equity Composite (Net)	17.8%	28.9%	22.8%	7.6%	13.4%	10.1%	8.6%	7.7%	8.9%	9.5%	7.8%
MSCI All Country World Index	19.1%	32.3%	26.8%	8.6%	13.2%	12.7%	10.8%	10.8%	11.8%	11.9%	9.9%
Gross Excess Return	-0.6%	-2.6%	-3.1%	-0.3%	1.0%	-1.8%	-1.5%	-2.3%	-2.1%	-1.6%	-1.4%
Net Excess Return	-1.3%	-3.5%	-3.9%	-1.0%	0.2%	-2.6%	-2.3%	-3.1%	-2.9%	-2.4%	-2.2%

Source: AGF Investments as at September 30, 2024. Past performance is not indicative of future results. Performance is based on AGF Global 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 AGF Global 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 portfolio 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 realised.

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## AGF Global 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	1.89	1.13	4.70	9	0.09	10.95	10.48	1,819.32	24,571
2015	0.82	0.11	-1.84	8	0.62	10.95	10.78	2,036.75	18,957
2016	10.76	9.99	8.48	13	0.33	10.87	11.07	3,446.29	20,143
2017	23.03	22.19	24.62	14	0.66	9.97	10.37	4,348.42	23,063
2018	-14.49	-15.09	-8.93	14	0.71	10.43	10.48	3,688.67	20,178
2019	26.78	25.91	27.30	12	0.34	11.56	11.21	2,794.39	23,185
2020	8.98	8.22	16.82	10	1.28	18.20	18.12	2,703.92	24,066
2021	16.23	15.43	19.04	8	0.84	17.15	16.83	1,621.42	26,706
2022	-7.46	-8.11	-17.96	4	N/A	19.31	19.86	904.77	23,091
2023	11.57	10.80	22.81	5	N/A	14.94	16.27	1,001.03	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 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 Global Equity Composite's mandate is to invest primarily in equities of companies around the world. It may invest up to 25% of its assets in emerging markets equities. The strategy may employ forward currency contracts to hedge foreign exchange risk on underlying securities.

### 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 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.