

Strategy Facts

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

The first quarter of 2024 witnessed a meaningful rally across risk assets, marking a period of robust performance, not observed in over a decade. Equity indices, notably the S&P 500 Index and the Nikkei 225 Index, reached all-time highs, fueled by optimism around Artificial Intelligence (AI) technology and growing confidence in a soft economic landing. The S&P 500s ascent of more than +10% (in USD terms) in Q1 represented a historic achievement of back-to-back double-digit quarterly gains, last experienced in over a decade. Similarly, Japan's Nikkei index recorded its strongest quarter since Q2 2009, surpassing its previous record high established in 1989.¹

Globally, economic data consistently outperformed expectations, raising hopes for a soft economic landing. In the U.S., robust growth and employment figures outpaced analysts' forecasts, with the economy expanding at an annualized rate of 3.4% in Q4 and job additions exceeding 200,000 in both January and February. Europe's economy showed resilience, with Q4 growth rates holding steady against anticipated declines and PMI figures climbing to a 9-month high, indicating a looming economic recovery.¹

The Bank of Japan (BoJ) made headlines by exiting from its negative interest rate policy in March, a move that propelled the 2-year Japanese government bond yield to its highest quarterly close since 2011. Despite the BoJ lifting policy rates, the BoJ's commitment to maintaining accommodative financial conditions signalled an extended period of low rates, contributing to the Japanese yens depreciation against the U.S. dollar.¹

After the Chinese New Year, China experienced a slowdown in economic momentum, with expectations of a slow recovery dependent on policy interventions. Premier Li Qiang recently announced a growth target of about 5% for 2024 during his first report to the National Peoples Congress, pledging to revamp the countrys economic strategy to counteract challenges stemming from a prolonged property downturn, substantial local government debt, and tepid consumer spending.¹

Strategy Overview

For the three months that ended March 31, 2024, the strategy underperformed its benchmark, the MSCI All Country World Index.²

Underperformance was driven by security selection, while country allocation contributed modestly to performance. Security selection in Japan, the United States and Hong Kong detracted from performance, while selection in France and Germany contributed positively. From a country allocation perspective, an overweight to Japan and underweight to China contributed positively, while an overweight to Hong Kong detracted.²

The most significant drag on performance was not holding Nvidia Corp. in the strategy, which contributed more to the underperformance relative to the benchmark than any other factor. The next top detractor during the quarter was AIA Group Limited, a prominent player in the insurance industry. The stock faced challenges primarily due to investor disappointment from the absence of a new buyback plan. Despite completing a substantial US\$10 billion buyback, expectations for additional shareholder return measures were left unmet as the company chose to balance capital deployment between new business investments and shareholder rewards. This strategic decision, aimed at fostering long-term growth, contributed to AIAs underperformance in the first quarter of 2024. However, its worth noting the company's commitment to disciplined capital management, leveraging its strong balance sheet to support business expansion and shareholder returns, with a total shareholder return reaching approximately 7% through dividends and buybacks.³

Looking beyond the immediate reaction to the buyback decision, we believe AIA presents a compelling long-term investment case. AIAs operational performance across key markets, including China and Hong Kong, demonstrates early signs of margin improvement and sales growth, supported by a favourable product mix, pricing adjustments, and increasing market share in the competitive insurance landscape. These factors, alongside strong demand for life and savings products and a leading position in the ASEAN markets, position AIA for robust long-term growth. We believe

¹ Bloomberg.

² AGF Investments Inc., March 31, 2024.

³ AGF Investments Inc., AIA Group Ltd. company reports.

AIA is one of the highest quality insurance companies in EM and currently trades at an attractive valuation.³

Waste Management Inc. (WM), renowned as the largest integrated provider of traditional solid waste services in the United States, was a top-performing stock during the quarter. WM released solid earnings during the quarter, beating consensus expectations, leading to a 19.4% (USD terms) increase in its stock price. The company's impressive performance was propelled by strategic pricing initiatives and cost optimization efforts, leading to solid earnings growth and an expansion in operating earnings. WM navigated inflation effectively, leveraging substantial investments in sustainability, including renewable natural gas and recycling projects. These ventures underscore a commitment to environmental stewardship while fostering new revenue opportunities.⁴

The company distinguished itself with a prudent capital allocation strategy, emphasizing sustainability investments, strategic acquisitions, and rewarding shareholders through dividends and stock repurchases. This approach bolsters WM's financial standing in the short term and sets a foundation for enduring value creation. WM significantly boosted margins that exceeded expectations and underscored its pricing discipline and operational strength.⁴

During the quarter, we added a new position in Accenture PLC, a global professional services company specializing in IT services and consulting. We added to existing positions in AIA Group Ltd., Fujifilm Holdings Corp., Intercontinental Exchange Inc., Terumo Corp., and WH Smith PLC. Additionally, we trimmed the strategy's position in Moody's Corp. and Waste Management Inc. and exited from Synchrony Financial.

Outlook

Investors are confronting a complex global economic landscape marked by varying degrees of inflationary pressures, shifts in monetary policy, divergent growth trajectories, geopolitical events and a busy electoral calendar. The U.S. economy, resilient amidst rising interest rates, continues to surprise, supported by a strong labour market that signals no immediate risks of a downturn. Despite this, we expect the ongoing impact of higher interest rates will continue to weigh on economic growth and potentially increase unemployment later this year. Additionally, U.S.-China relations are expected to become increasingly significant, particularly with the hawkish stance towards China intensifying ahead of the U.S. presidential election in November.

Japan is entering a new phase as the Bank of Japan (BoJ) moves away from its negative interest rate policy (NIRP). The

BoJ's anticipated gradual rate hikes starting in October aim to minimize market disruptions. We believe this shift, along with ongoing structural reforms towards moderate inflation and improved corporate governance, positions Japanese equities favourably. Despite reaching all-time highs, the Nikkei 225 Index's solid earnings growth, attractive valuations, and the conservative positioning of investors domestically and abroad suggest further potential upside for Japanese stocks.

The Eurozones growth outlook remains subdued, with the European Central Banks (ECB) cautious approach to rate cuts reflecting an effort to stimulate growth while managing inflation. The geopolitical environment and fiscal policies, especially in major economies such as Germany and France, are key factors that could affect market sentiment. These variables underscore the delicate balance the ECB must maintain to foster economic stability and growth within the region.

China's economic growth strategy, in the context of a weakened economy and a restrained stimulus approach, underscores the need for more aggressive monetary and fiscal policies to reignite growth and restore market confidence, particularly in the property sector. Despite previous market rallies over the last few years, the lack of substantial policy support has seen these gains fade. The recent policy implementations, particularly the "National Teams" acquisition of A shares, signal a more pronounced commitment to achieving the government's 5% growth target. This approach may indicate a potential turning point for Chinese equities, contingent on the continuation and increase in policy measures in the coming quarters.

³ AGF Investments Inc., AIA Group Ltd. company reports.

⁴ AGF Investments Inc., Waste Management Inc. company reports.

AGF Global Equity Strategy Annualized Returns – Period Ending March 31, 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)	7.3%	18.0%	7.2%	6.8%	16.0%	9.5%	7.4%	8.4%	9.5%	8.0%	7.8%
AGF Global Equity Composite (Net)	7.1%	17.2%	6.4%	6.0%	15.2%	8.7%	6.6%	7.7%	8.7%	7.2%	7.1%
MSCI All Country World Index	8.3%	23.8%	7.3%	7.5%	17.8%	11.5%	10.0%	10.8%	11.4%	9.6%	9.2%
Gross Excess Return	-1.0%	-5.8%	-0.1%	-0.7%	-1.8%	-2.0%	-2.6%	-2.3%	-1.9%	-1.6%	-1.4%
Net Excess Return	-1.2%	-6.6%	-0.9%	-1.4%	-2.6%	-2.7%	-3.4%	-3.1%	-2.7%	-2.4%	-2.1%

Source: AGF Investments as at March 31, 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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The AGF Global Equity 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 a SMA platform.

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AGFA and AGFUS are registered advisors in the U.S. AGFI is a registered as a portfolio manager across Canadian securities commissions. AGFIA is regulated by the Central Bank of Ireland and registered with the Australian Securities & Investments Commission. The subsidiaries that form AGF Investments manage a variety of mandates comprised of equity, fixed income and balanced assets.

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AGF Global Equity Composite January 1, 2013 – December 31, 2022

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)
2013	25.31	24.39	23.44	7	N/A	13.92	13.92	1,565.85	25,482
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

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, 2022.

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, 2022. The verification and performance examination reports are available upon request.

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Effective January 1, 2019, the definition of the firm was revised to include AGFiQ and AGF Investments LLC.

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 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.