AGF U.S. Large Cap Growth Equity Strategy

Strategy Commentary

Market Overview

The third quarter witnessed a notable shift in the U.S. equity market narrative, transitioning from optimism to concerns about stagflation. Global equities faced a challenging period, with September, traditionally the weakest month seasonally, living up to its reputation once again. Real interest rates rose significantly during the quarter, fueled by growing concerns that major central banks would maintain higher interest rates for an extended period. The notable spike in oil prices also contributed to the upward trend in real rates. There was growing concern over the impact of persistent budget deficits on rates, which led Fitch Ratings to downgrade the U.S. credit rating in August from AAA to AA+. Furthermore, a stronger U.S. dollar and disappointing economic data and stimulus announcements from China also weighed on sentiment.

In comparison to the S&P 500 Index and Dow Jones Industrial Average, the NASDAQ Composite Index underperformed due to the impact of higher rates on longer-duration AI/tech stocks. In contrast, the S&P 500 Index and Dow Jones Industrial Average fared relatively better due to their broader exposure to the real economy.

Oil prices played a pivotal role in shaping market dynamics. Brent crude oil prices surged over 27% (in U.S. dollar terms) to reach $95.31 per barrel, marking the most significant quarterly rise since the first quarter of 2022. The substantial increase was partially attributable to Saudi Arabia and Russia extending production cuts.

Emerging markets (EM) outperformed developed markets (DM) equities during the quarter due mainly to the outperformance of India and China and the underperformance of the U.S. and Europe. The People’s Bank of China cut the required reserve ratio (RRR) for banks by 25 basis points, while the central authority announced the first nationwide demand-side easing since 2015, which helped support Chinese equities during the quarter.

Strategy Overview

During the quarter, AGF U.S. Large Cap Growth Equity Strategy outperformed the benchmark S&P 500 Net Return Index on a net of fees basis. Security selection in the Information Technology, Energy, and Real Estate sectors contributed to performance, as did an overweight allocation to Energy and underweight to Information Technology. Security selection in Consumer Staples, Utilities and Materials detracted from performance, as did an underweight to Communication Services and an overweight to Industrials.

In terms of individual holdings, the top contributors were Marathon Petroleum Corp., Cheniere Energy Inc., and Eli Lilly & Co., while the top detractors were The AES Corp., Lamb Weston Holdings Inc., and Intuitive Surgical Inc.

Marathon Petroleum Corp. was the top contributor during the quarter. Marathon Petroleum is one of the largest independent petroleum refining and marketing companies in the United States, with total throughput capacity of around 3.0 million barrels per day. Marathon has been a top-performing refiner, with solid operating cost reductions and capex discipline. We believe Marathon benefited from significantly rising oil prices, providing high refining margins, enabling the company to embark on a strategy to return cash to shareholders through a substantial share buyback and an increasing dividend.

The AES Corp. was the top detractor during the quarter. AES Corp. is an electric distribution and generation company, is a prominent player in the electric distribution and generation sector, boasts ownership of six utilities and operates an impressive 31.5 gross gigawatts (GW) of thermal and renewable generation assets. Serving a substantial customer base of 2.6 million individuals, AES has its primary operational regions in the United States, South America (including AES Andes in Chile), and MCAC (Mexico, Central America, and the Caribbean). Notably, AES holds a 34% stake in the battery-storage company Fluence and is one of the world’s leading developers of renewable energy projects. Additionally, the company possesses two Midwest utilities renowned for their top-quartile earnings per share (EPS) growth. While AES’s financial performance aligned with market consensus, the defensive nature of its operations within the Utilities sector became apparent during a challenging quarter. This period saw the Utilities sector underperforming the broader S&P 500 Index, compounded by macroeconomic pressures on renewable energy companies, which weighed on the company’s share price.

Despite the promising long-term prospects associated with aiding customers in transitioning to renewable energy sources, we decided to divest our holdings in AES. This action was prompted by implementing our 20% stop loss rule as we sought to reallocate proceeds towards more promising investment opportunities.

Outlook

We maintain our constructive view on equities. While equity markets fell during the quarter, we expect positive returns in the final quarter of the year as, historically, the fourth quarter is...
seasonally a positive period for equities in comparison to other quarters.

The pronounced market narrowness witnessed in the first half of the year somewhat eased during this quarter, primarily due to a substantial increase in U.S. real yields, which had a notable impact on AI/tech and long-duration assets. While short-term rates now seem to be more reasonably priced, we believe concerns persist regarding the sustainability of public debt, rising debt issuance, and persistent core inflation, which may continue to keep interest rates elevated for an extended period. Consequently, we believe the broadening out of leadership trend, which commenced in June of this year, will continue into year-end and beyond.

We are encouraged by the resilience of the U.S. economy, which has been underpinned by a faster-than-expected rebound in business investment and robust private consumption, driven by healthy household balance sheets and a tight labour market. However, the potential impact of increased geopolitical risk, higher interest rates, a strong U.S. dollar, a potential government shutdown, the resumption of student loan repayments, and a major auto strike are potential risks to the outlook.

<table>
<thead>
<tr>
<th>AGF U.S. Large-Cap Growth Equity Strategy Annualized Returns – Period Ending September 30, 2023</th>
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<tbody>
<tr>
<td></td>
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<tr>
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<tr>
<td>AGF U.S. Large-Cap Growth Equity Composite (Gross)</td>
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<tr>
<td>AGF U.S. Large-Cap Growth Equity Composite (Net)</td>
</tr>
<tr>
<td>S&amp;P 500 Index</td>
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<tr>
<td>Gross Excess Return</td>
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<tr>
<td>Net Excess Return</td>
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Source: AGF Investments as of September 30, 2023. Past performance is not indicative of future results. Performance is based on AGF U.S. Large-Cap Growth 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-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 U.S. Large Cap Growth 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.

The information contained herein was provided by AGF Investments America Inc. and intends to provide you with information related to the AGF U.S. Large Cap Growth 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.

References to specific securities are presented to illustrate the application of our investment philosophy only and do not represent all of the securities purchased, sold or recommended for the portfolio. It should not be assumed that investments in the securities identified were or will be profitable and should not be considered recommendations by AGF Investments Inc.

The commentaries contained herein are provided as a general source of information based on information available as of September 30, 2023 and should not be considered as personal investment advice or an offer or solicitation to buy and / or sell securities. Every effort has been made to ensure accuracy in these commentaries at the time of publication, however accuracy cannot be guaranteed. Market conditions may change and the manager accepts no responsibility for individual investment decisions arising from the use or reliance on the information contained herein.

The AGF U.S. Large Cap Growth 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.

AGF Investments is a group of wholly owned subsidiaries of AGF Management Limited, a Canadian reporting issuer. The subsidiaries included in AGF Investments are AGF Investments Inc. (AGFI), AGF Investments America Inc. (AGFA), AGF Investments LLC (AGFUS) and AGF International Advisors Company Limited (AGFIA).

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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Publication date: October 31, 2023
AGF U.S. Large-Cap Growth Equity Composite January 1, 2013 – December 31, 2022

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross of Fee Composite Return (%)</th>
<th>Net of Fee Composite Return (%)</th>
<th>Benchmark Return (%)</th>
<th>Number of Portfolios</th>
<th>Internal Dispersion (%)</th>
<th>Composite 3-Yr St Dev (%)</th>
<th>Benchmark 3-Yr St Dev (%)</th>
<th>Composite AUM (USD$ mil)</th>
<th>Firm AUM (USD$ mil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>39.53</td>
<td>38.59</td>
<td>32.39</td>
<td>6</td>
<td>N/A</td>
<td>14.76</td>
<td>11.96</td>
<td>1,936.45</td>
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<td>2014</td>
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<td>5.17</td>
<td>13.69</td>
<td>6</td>
<td>0.18</td>
<td>12.63</td>
<td>8.98</td>
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<td>2015</td>
<td>6.11</td>
<td>5.37</td>
<td>1.38</td>
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<td>12.22</td>
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<td>2016</td>
<td>7.47</td>
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<td>8</td>
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<td>N/A</td>
<td>14.60</td>
<td>10.80</td>
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<td>2019</td>
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<td>19.88</td>
<td>31.46</td>
<td>6</td>
<td>N/A</td>
<td>13.80</td>
<td>11.94</td>
<td>2,350.49</td>
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<td>2020</td>
<td>49.69</td>
<td>48.86</td>
<td>18.39</td>
<td>4</td>
<td>N/A</td>
<td>19.23</td>
<td>18.53</td>
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<td>N/A</td>
<td>21.17</td>
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<td>3,413.11</td>
<td>23,091</td>
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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 U.S. Large-Cap Growth Equity Composite has had a performance examination for the periods January 1, 2009 to December 31, 2022. The verification and performance examination reports are available upon request.

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Firm Definition
AGF Investments is a group of wholly owned subsidiaries of AGF Management Limited, a Canadian reporting issuer. Founded in 1957, AGF Management Limited is a diversified global asset management firm offering investment solutions to a wide range of clients, from individual investors and financial advisors to institutions. AGF Investments has investment operations and client servicing teams in North America, Europe and Asia. AGF Investments offers individuals and institutions a broad array of investment strategies through four key investment management platforms - fundamental, quantitative, private alternatives and private client. The subsidiaries included in AGF Investments are AGF Investments Inc., AGF Investments America Inc., AGF Investments LLC (formerly FFCM LLC), and AGF International Advisors Company Limited.

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

Composite Description
The U.S. Large-Cap Growth Equity Composite’s mandate is to invest primarily in equity securities of established U.S. companies.

Composite Creation Date
The composite was created in January 2011. The composite’s inception was in December 2005.

Benchmark Description
The benchmark is the S&P 500 Index. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks. The index is designed to measure performance of the U.S. economy through changes in the aggregate market value of 500 stocks representing all major industries.

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 0.58% 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.