

## Strategy Facts

<b>Strategy category:</b> U.S. Small/Mid Cap Equity	<b>Benchmark Index:</b> S&P MidCap 400 Index	<b>Date of inception:</b> June 1993	<b>Investment style:</b> Fundamental/bottom-up growth	<b>Portfolio Managers</b> AGF Investments Inc. Tony Genua Sam Mitter
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## Market Overview

Global equity markets had a volatile start to the quarter as markets digested disappointing economic data prints and political developments. Investors continued to focus on economic conditions and their ramifications on monetary policy as softer inflation supported by a weaker-than-expected U.S. Consumer Price Index (CPI) print and labour market data spurred a sector rotation into cyclicals and small-cap stocks – which are more sensitive to interest rates. A late July swoon turned into an early August scare, as the unwinding of the Japanese yen carry-trade led to the unwinding of positions and broad weakness in global equity markets. The volatility was made more severe with disappointing employment and Purchasing Managers' Index (PMI) reports, which led to a resurgence of fears about a recession. This resulted in one of the more violent equity market sell-offs over the past 70 years. As fears dissipated, U.S. equity markets rebounded and expectations of a rate cutting cycle by the U.S. Federal Reserve (Fed) increased. In mid-September, the Fed followed through and cut interest rates by 0.5%, putting an end to a 23-year high and bringing rates to a target range of 4.75-5.0%. Supported by decelerating inflation figures and softer labor market data, this move marked the first cut by the Fed since the start of the COVID-19 pandemic in March 2020. With financial conditions easing, the S&P 500 Index reached a new all-time high following the news. Equities meanwhile continued to be bolstered by a strong earnings season with U.S. companies in the S&P 500 Index beating consensus estimates by an average of 4% and delivering 11% earnings per share (EPS) growth in the Q2 2024 earnings season. This was the fourth consecutive quarter with positive year-over-year earnings growth – a positive development given that earnings growth bottomed in the second quarter of 2023 and has been on an upward trajectory since. Elsewhere globally, European stocks continued to absorb geopolitical uncertainties and disappointing PMI reports and returns lagged their US and UK counterparts. China continued to face challenges in their real estate sector and broader economy while authorities sought to implement liquidity measures (lowering the benchmark loan prime rate, cutting the reverse repo rate) to support their financial system. Relief came at the end of the quarter as equities rallied on news that China finally appears to be going for

economic growth as pressure mounts for stimulus from policy makers, which historically, is a good sign for U.S. risk assets in the form of higher CPIs.

## Strategy Overview

During the quarter, AGF U.S. Small-Mid Cap Strategy outperformed the benchmark, S&P MidCap 400 Index, due to strong security selection. Security selection in Consumer Discretionary, Industrials, and Information Technology contributed the most to performance. This was partially offset by security selection and an underweight allocation to Financials, which detracted the most from overall performance. An underweight allocation to Real Estate also detracted. An overweight allocation to Consumer Staples detracted, which was partially offset by positive security selection.

In terms of individual holdings, the top contributors during the quarter included Impinj Inc., Sprouts Farmers Market Inc. and CAVA Group Inc., while the top detractors included E.L.F. Beauty Inc., Camtek Ltd. and Tidewater Inc.

## Outlook

We believe the bull market remains intact, given the ongoing resilience of the U.S. economy. The economy has been underpinned by a labour market that has been resilient, although there have been some signs of recent softening. While economic growth is slowing, we believe that it will remain positive and supportive for equity markets. With the equity market, we remain constructive. We believe equities are benefitting from positive earnings growth, which ultimately has been the most correlated factor with the markets. Moreover, we believe some of the substantial cash balances accumulated on the sidelines in 2022 and 2023 will eventually find its way back into equities, as the Fed continues on the path to reducing rates. We believe that rate cuts will favour certain sectors in the market and drive market leadership in the foreseeable future, which underscores the importance of maintaining objectivity throughout the changing macroeconomic environment. Overall, we are encouraged with the continued resilient economy, and the promising secular innovative trends which includes generative Artificial Intelligence (AI), health and wellness, and reshoring. We believe equities are positioned well for the balance of the year, though some volatility may be expected along the way, particularly given that 2024 is an election year. We would see any inevitable corrections as potential buying opportunities.

**AGF U.S. Small-Mid Cap Growth Equity Strategy Annualized Returns – Period Ending September 30, 2024**

	3 Months	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
AGF U.S. Small-Mid Cap Growth Equity Composite (Gross)	10.0%	27.1%	34.6%	1.5%	11.5%	12.6%	12.8%
AGF U.S. Small-Mid Cap Growth Equity Composite (Net)	9.8%	26.4%	33.5%	0.6%	10.6%	11.6%	11.8%
S&P MidCap 400 Index	6.9%	13.5%	26.8%	7.5%	11.8%	10.0%	10.3%
Gross Excess Return	3.1%	13.6%	7.8%	-6.0%	-0.2%	2.6%	2.5%
Net Excess Return	2.8%	12.8%	6.7%	-6.9%	-1.2%	1.6%	1.5%

Source: AGF Investments as of September 30, 2024. Past performance is not indicative of future results. Performance is based on AGF U.S. Small-Mid 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. Small-Mid 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. Small-Mid Cap Growth Equity Composite 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.

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The AGF U.S. Small-Mid 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 Investment 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 Investment 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 U.S. Small-Mid Cap Growth Equity Composite January 1, 2012 – 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	36.19	34.97	41.21	1	N/A	14.32	16.49	201.31	25,482
2014	-10.19	-11.03	9.77	1	N/A	13.79	11.86	150.31	24,571
2015	10.96	9.95	-2.18	1	N/A	14.47	11.81	145.66	18,957
2016	2.31	1.37	20.74	1	N/A	16.01	12.23	128.44	20,143
2017	35.16	33.95	16.24	1	N/A	13.86	10.91	151.72	23,063
2018	-0.94	-1.85	-11.08	1	N/A	16.11	13.31	143.38	20,178
2019	33.02	31.83	26.22	1	N/A	16.73	14.46	182.37	23,185
2020	44.79	43.60	13.66	1	N/A	23.54	23.31	293.98	24,066
2021	7.53	6.62	24.76	1	N/A	21.46	21.83	425.69	26,706
2022	-21.99	-22.67	-13.06	1	N/A	25.24	24.51	328.15	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 U.S. Small-Mid Cap Growth 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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### 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. Small-Mid Cap High Growth Equity Composite includes all portfolios invested primarily in shares of small and medium companies with superior growth potential in the United States.

### 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 400 MidCap Index. The S&P 400 MidCap Index measures the performance of mid-sized companies in the U.S. equities market with a market cap range between US\$ 1.4 billion - US\$ 5.9 billion at the time of addition to the index, it is part of a series of S&P U.S. indices that can be used as building blocks for portfolio construction. Prior to December 1, 2013 the benchmark was the Russell 2500 Growth 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 0.85% 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](mailto:GIPS@AGF.com).

Past performance does not guarantee future results.