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AGF Investments Inc.

Evolving With ESG

What We Do Today, Matters Tomorrow

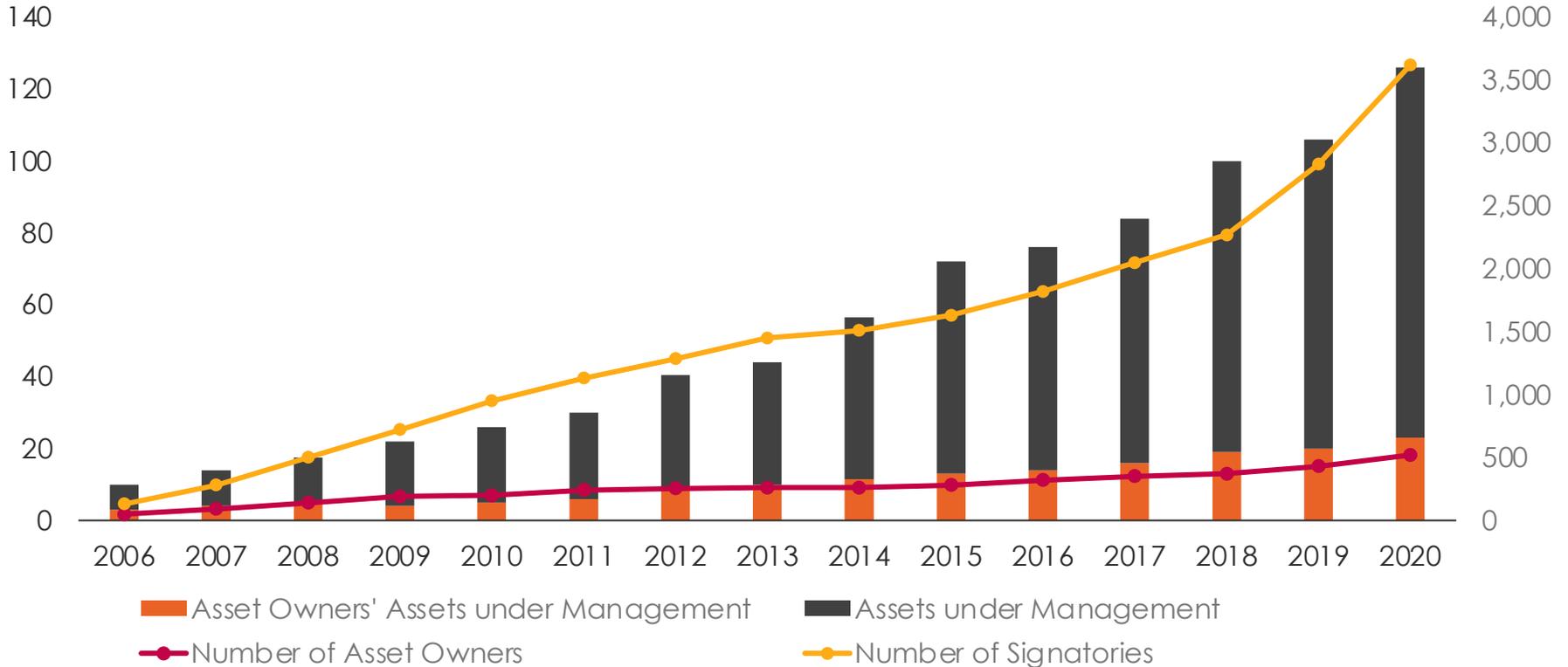
November 2020

ESG *is* the Mainstream

Assets under Management (USD, trillions)

UN PRI Growth – 2006-2020

Number of Signatories

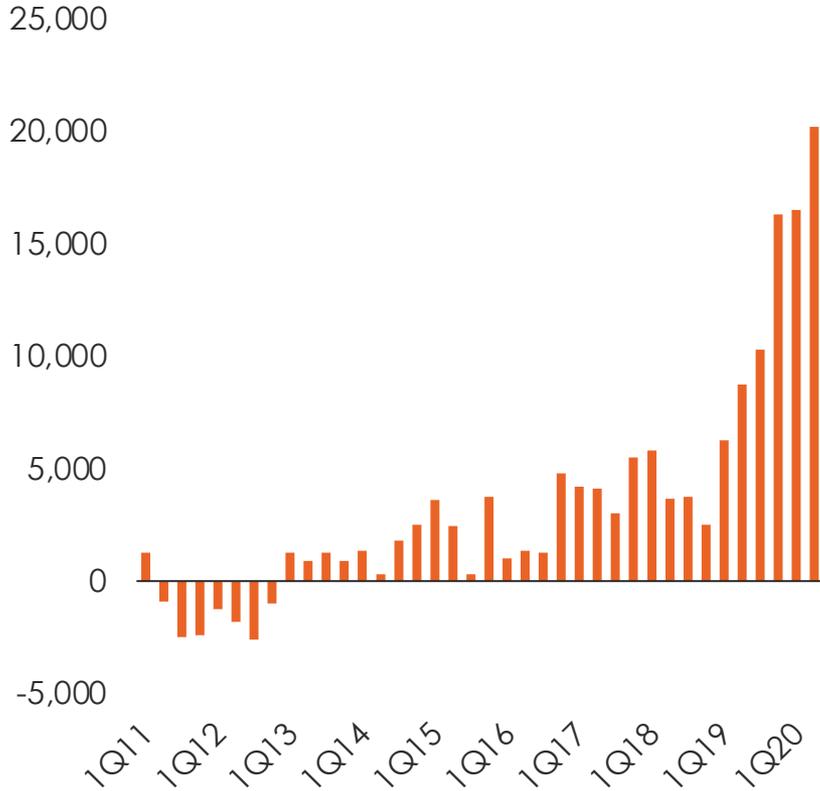


Source: UN Principles for Responsible Investing as of September 2020

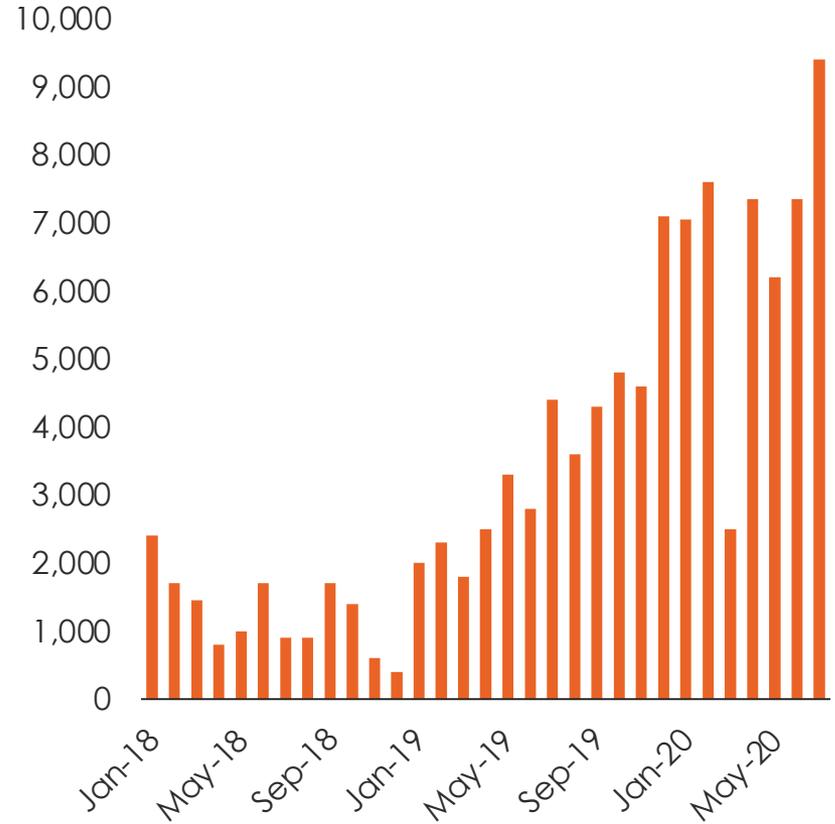
Crises are not Made Equal – this Time Really is Different



Scrubbed Universe of Sustainable Equity Funds: Quarterly Net Flows (\$ mn)



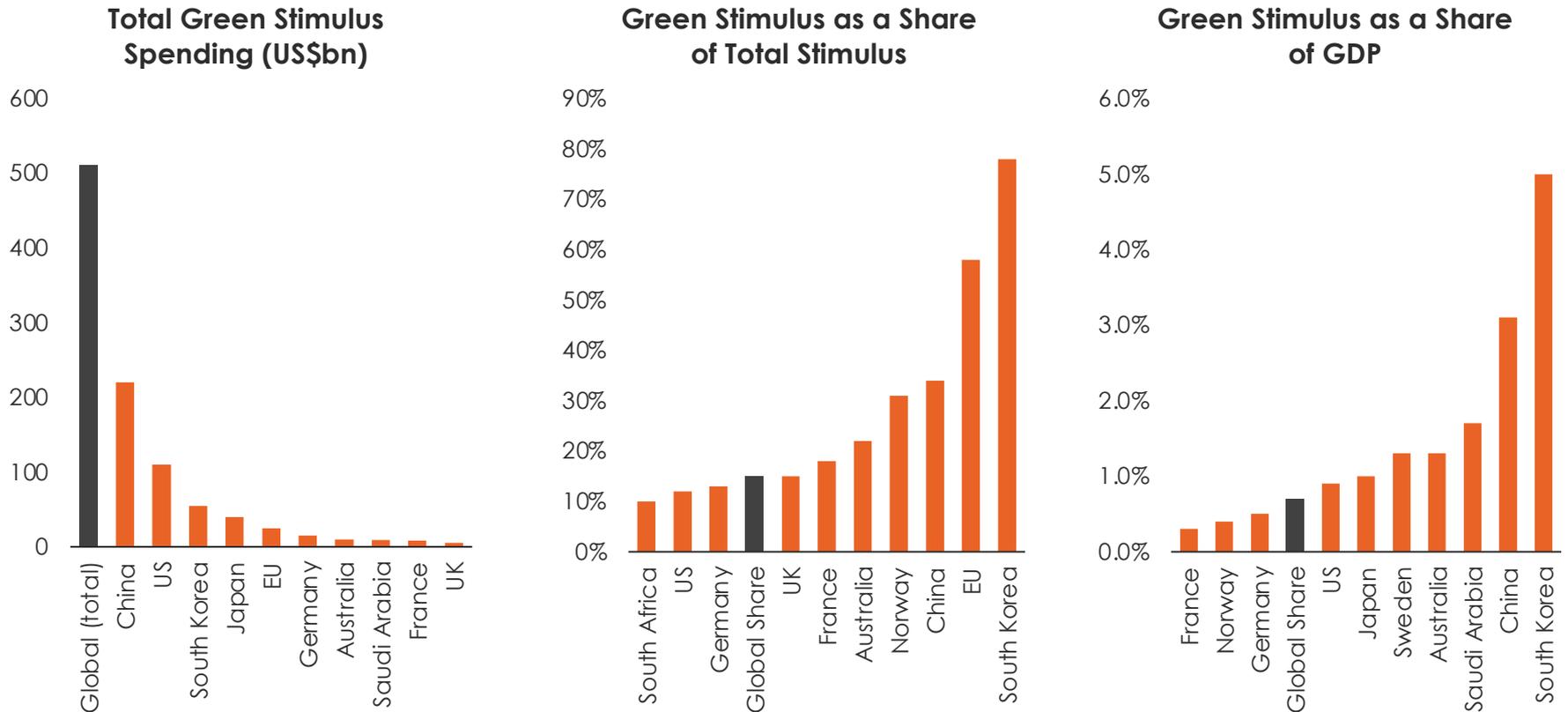
Scrubbed Universe of Sustainable Equity Funds: Monthly Net Flows (\$ mn)



Source: RBC Capital Markets as of August 2020

Flashback – Global Financial Crisis Stimulus Set the Stage

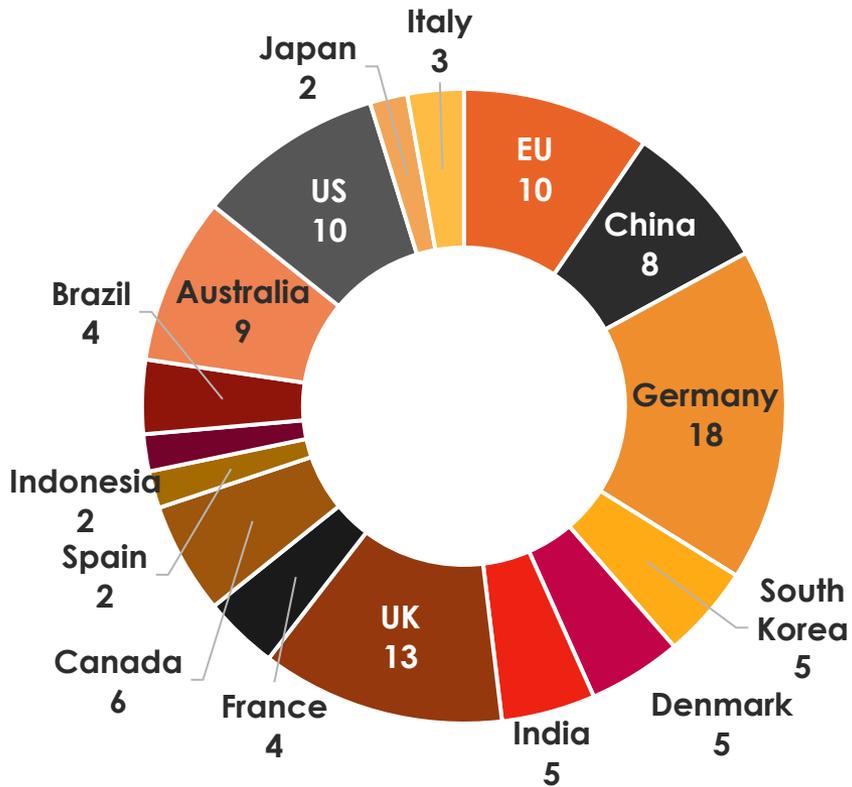
Total Green Stimulus Spending by Country during Global Financial Crisis



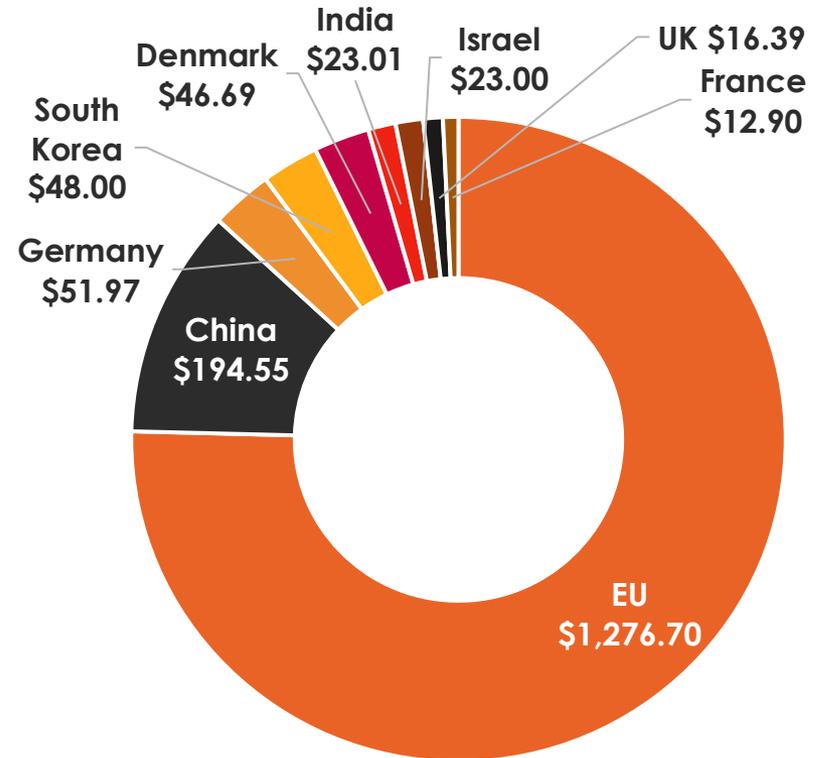
Source: Credit Suisse as of September 2020

Today's Green Stimulus

Number of Policies by Country

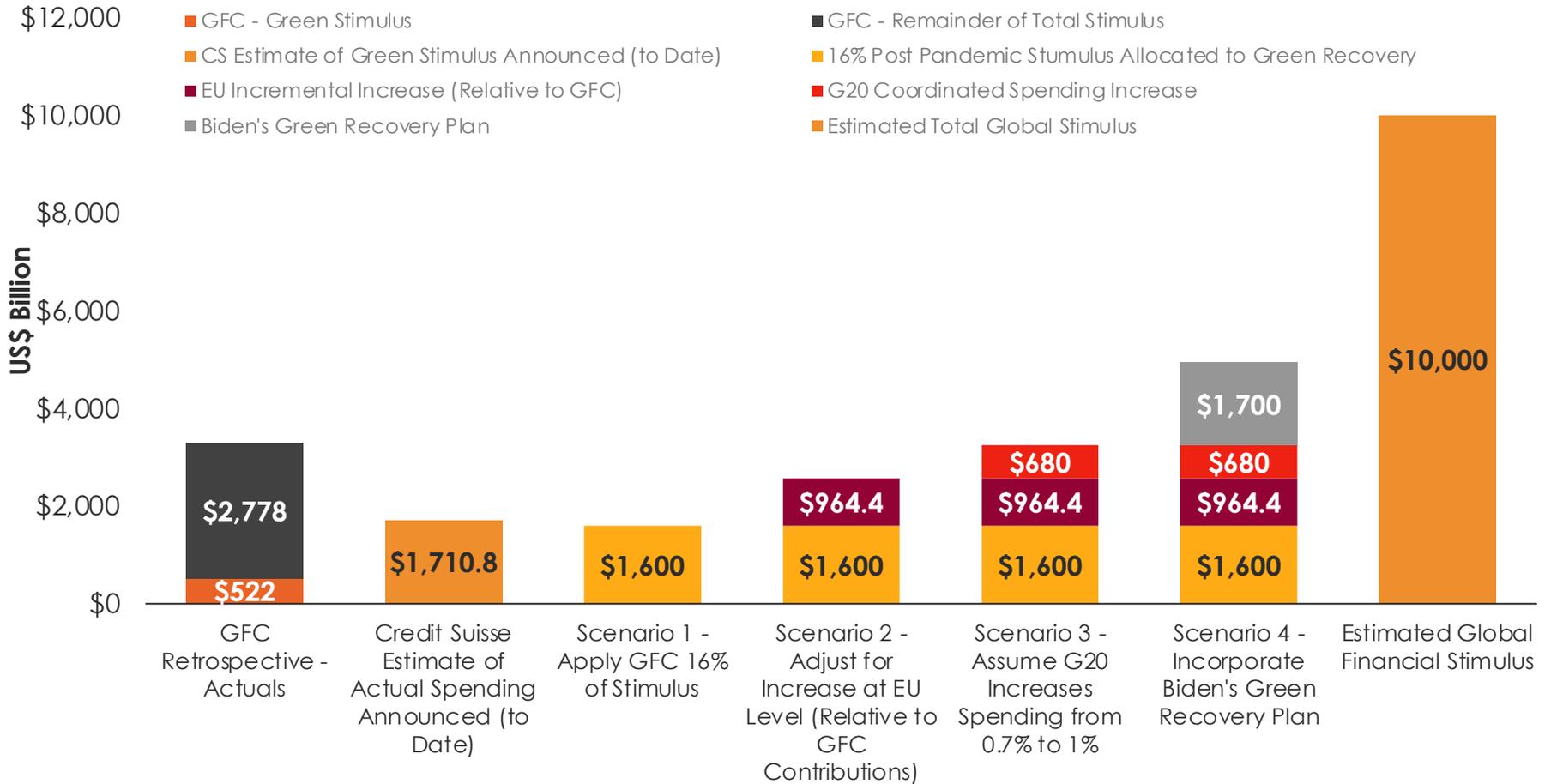


Total Green Stimulus by Country of Region (US\$ bn)



Credit Suisse August 2020

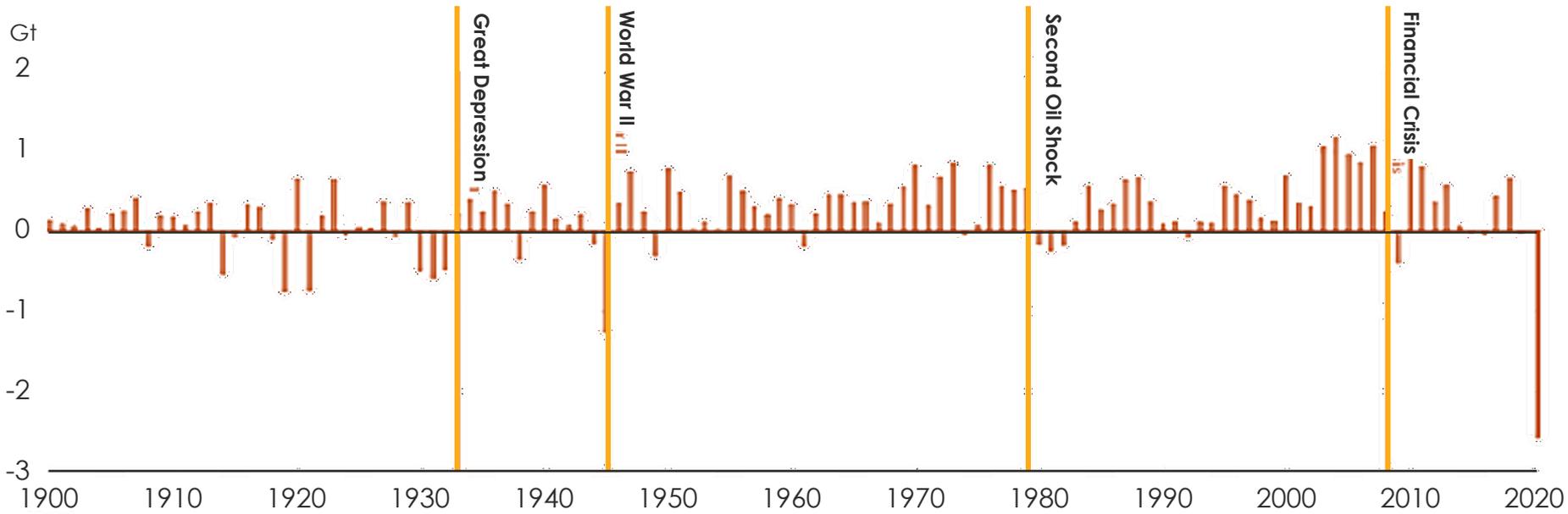
Adding it Up



Source: Credit Suisse as of September 2020

COVID and Emissions – Historic Declines

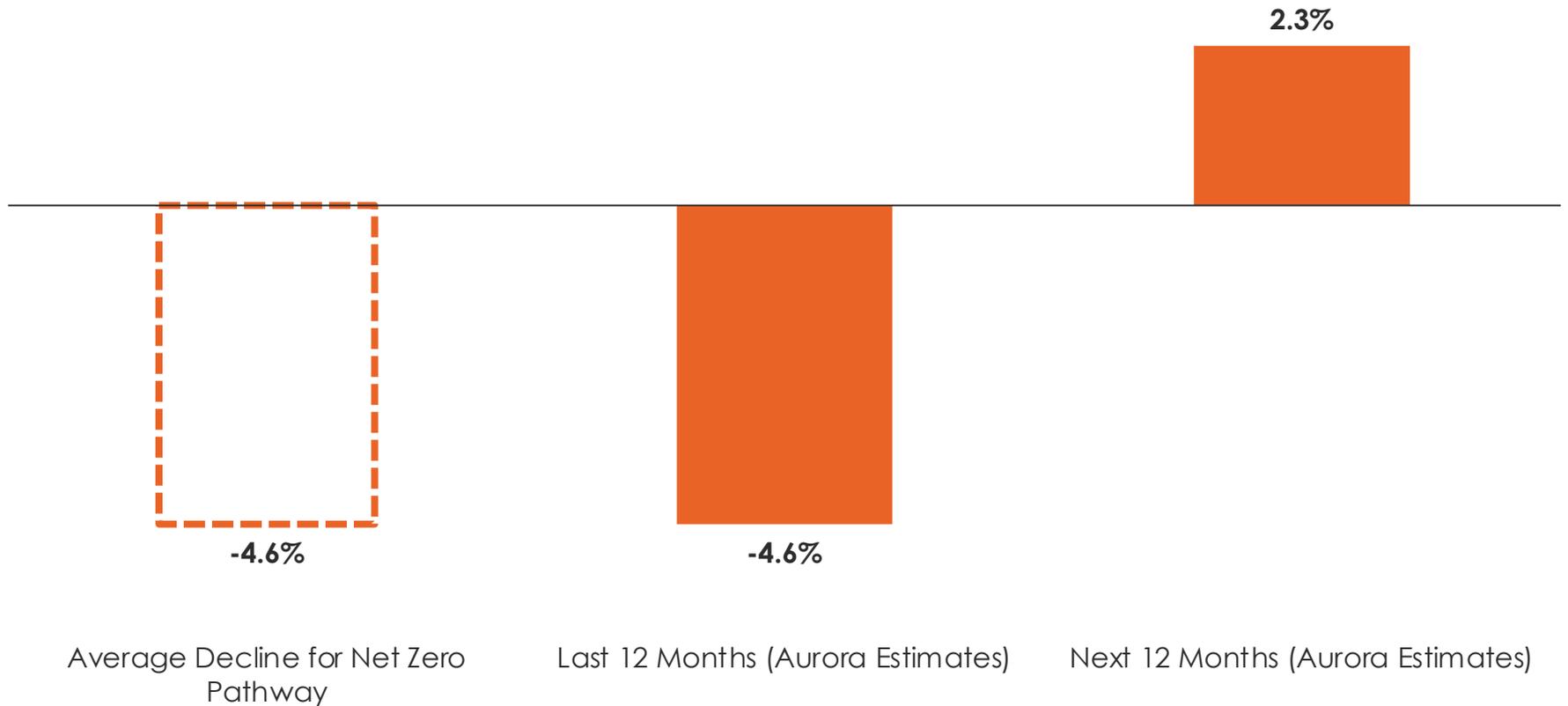
Global CO2 Emissions



Source: Kepler Chevreux as of September 2020

But the Challenge Remains Daunting

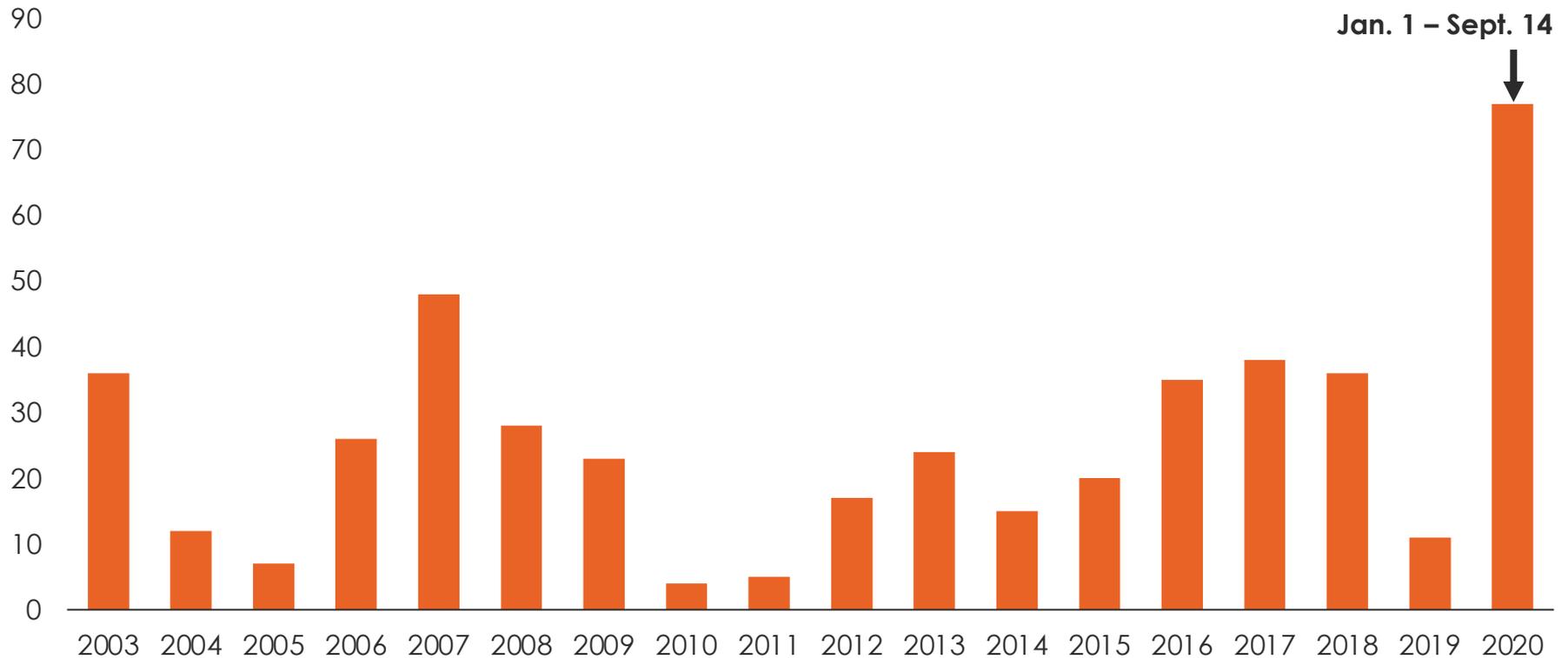
Annual Change in Total Global Emissions



Source: UBS as of September 2020

Climate Change Feedback-loop is Shocking

California Annual Total Wildfire Emissions



Source: Bloomberg NEF, Copernicus Atmosphere Monitoring Service as of Sept 2020

ESG Ratings – Too much Emphasis?

Correlations between ESG ratings at the aggregate rating level (ESG) and at the level of the environmental dimension (E), the social dimension (S), and the governance dimension (G) using the common sample. The results are similar using pairwise common samples based on the full sample. SA, RS, VI, A4, KL, and MS are short for Sustainalytics, RobecoSAM, Vigeo Eiris, Asset4, KLD, and MSCI, respectively.

	KL SA	KL VI	KL RS	KL A4	KL MS	SA VI	SA RS	SA A4	SA MS	VI RS	VI A4	VI MS	RS A4	RS MS	A4 MS	Average
ESG	0.53	0.49	0.44	0.42	0.53	0.71	0.67	0.67	0.46	0.70	0.69	0.42	0.62	0.38	0.38	0.54
E	0.59	0.55	0.54	0.54	0.37	0.68	0.66	0.64	0.37	0.73	0.66	0.35	0.70	0.29	0.23	0.53
S	0.31	0.33	0.21	0.22	0.41	0.58	0.55	0.55	0.27	0.68	0.66	0.28	0.65	0.26	0.27	0.42
G	0.02	0.01	-0.01	-0.05	0.16	0.54	0.51	0.49	0.16	0.76	0.76	0.14	0.79	0.11	0.07	0.30

- Correlations of ESG ratings between various providers range from 0.38 to 0.71
- Disagreements were highest among governance scores

Source: Aggregate Confusion: The Divergence of ESG Ratings, MIT Sloan School of Management as of May 2020

ESG 2.0 – a Likely Path



Growth Phase 1

Use Case: Core
Tracking Error: Low
Cost Consideration: High

*Product Examples:
Optimized Index
Light Exclusionary Index*

Growth Phase 2

Use Case: Core Compliment
Tracking Error: Moderate
Cost Consideration: Moderate

*Product Examples:
Active + ESG
Smart Beta + ESG*

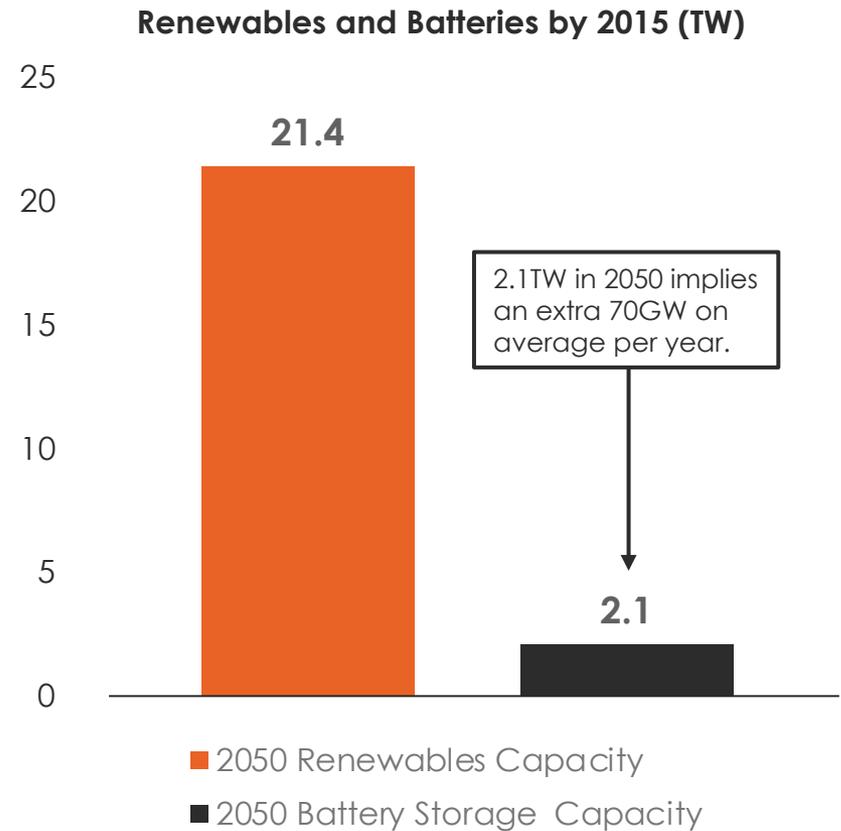
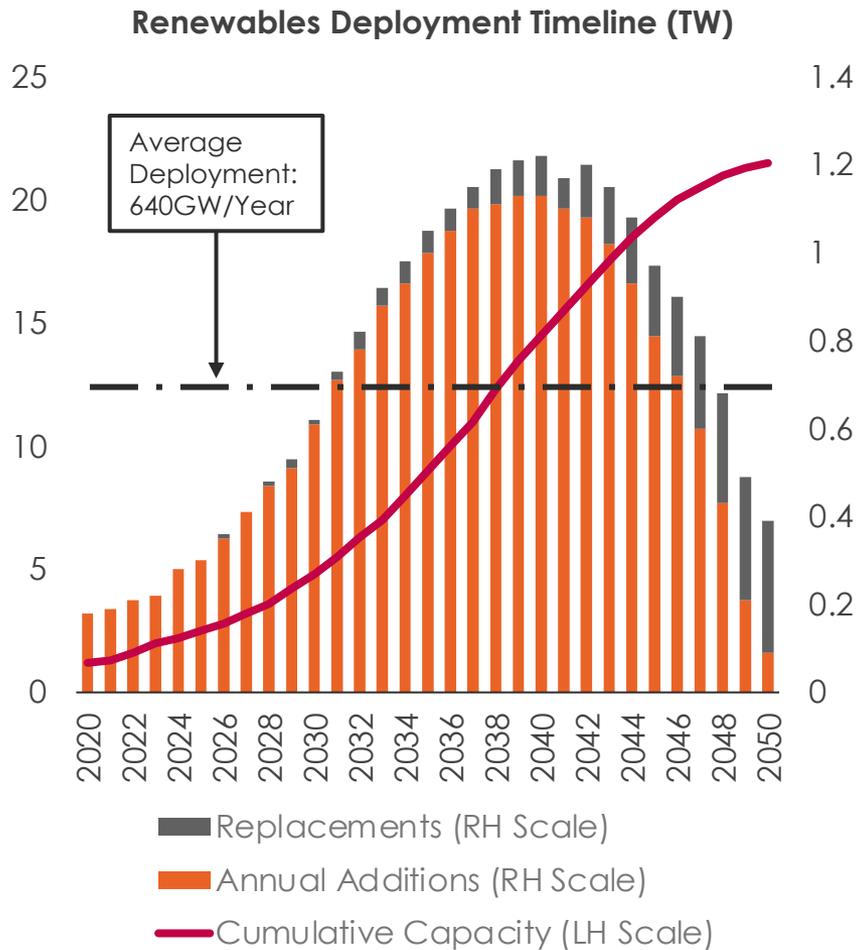
Growth Phase 3

Use Case: Satellite
Tracking Error: High
Cost Consideration: Low

*Product Examples:
ESG Thematic
ESG-Driven Alpha*

Source: Citigroup as of September 2020

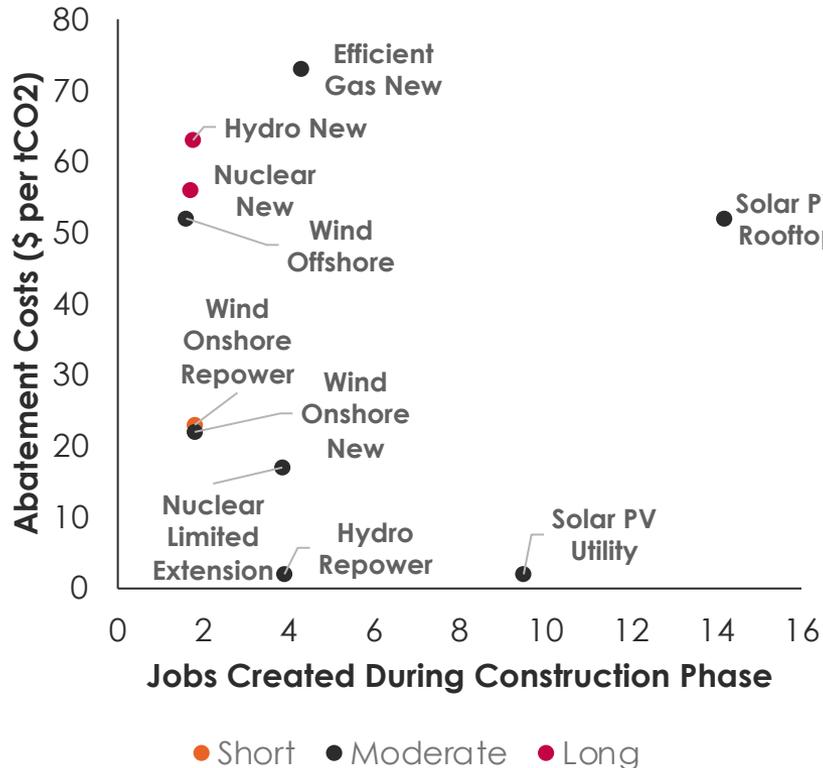
Market is Migrating to Alpha Opportunities



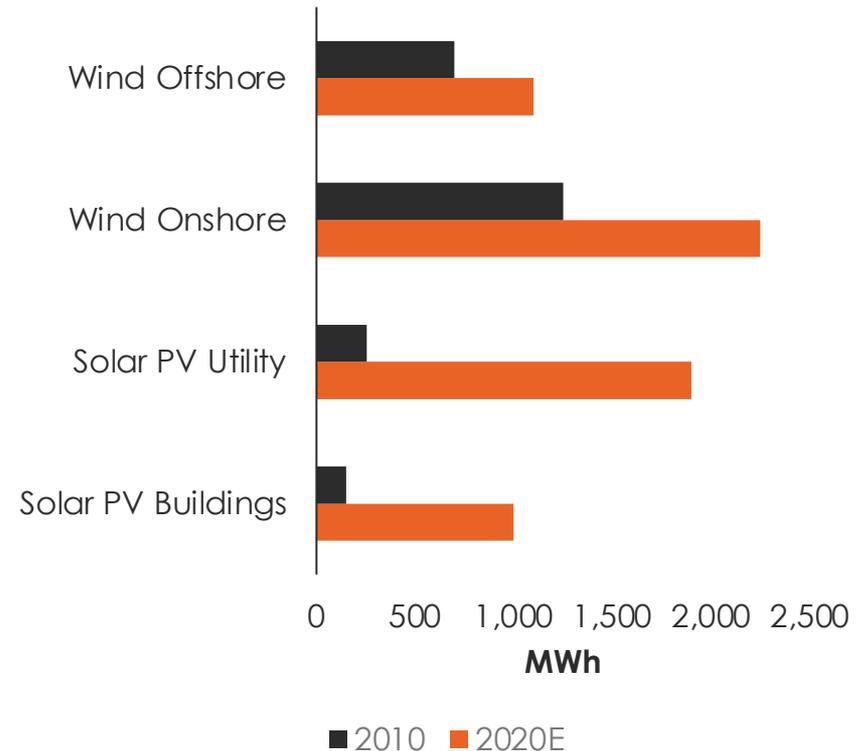
Source: UBS as of August 2020

Yes, Things Really are Different

Job Creation per US\$1mn of Capital Investment in Power Generation Technologies and Average CO2 Abatement Costs



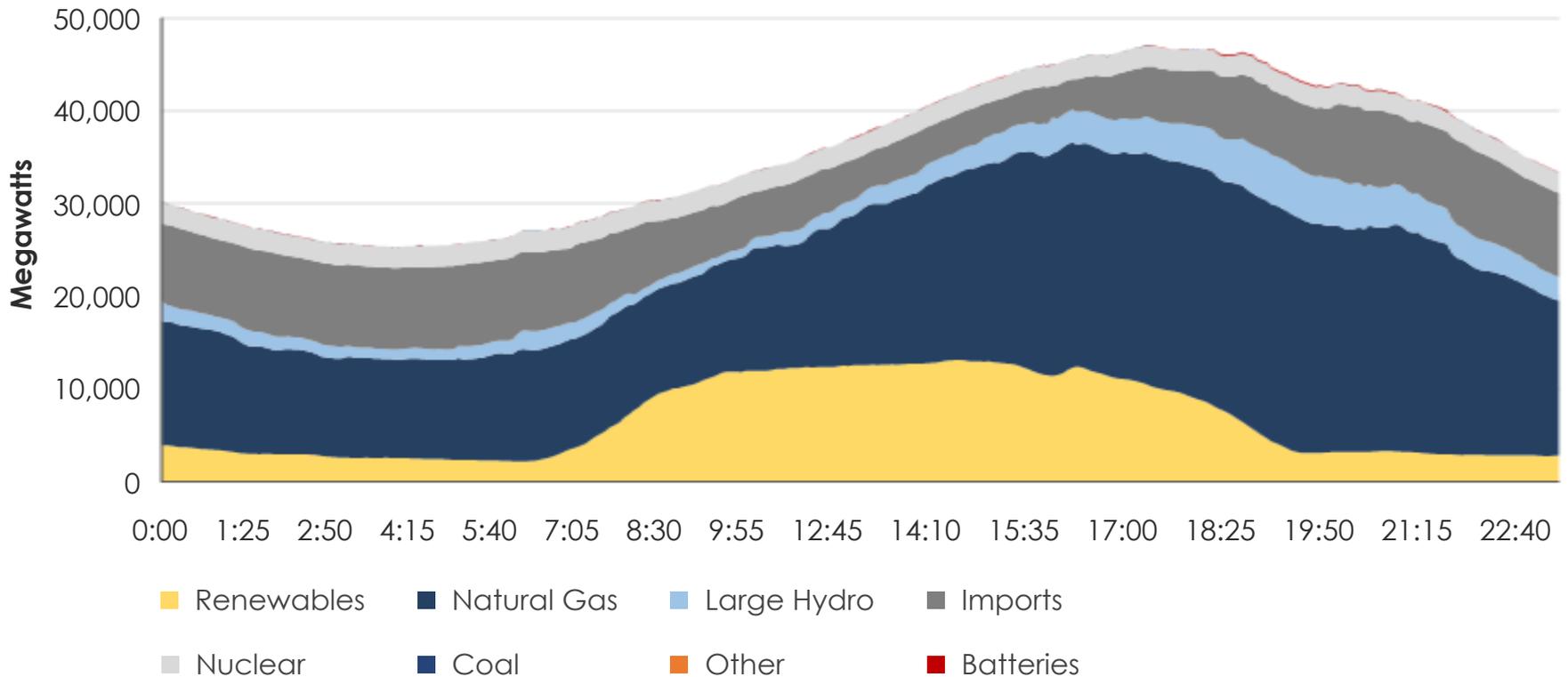
Green Stimulus in Renewables is Now a Safer Bet vs GFC: Annual Electricity Generation per \$1mn of Capex in Solar PV and Wind Power



Source: Credit Suisse as of September 2020

Yet Again, the Transition is Daunting and in the Early Days

Sources of California Electricity on Aug 14, 2020



Source: CAISO as of August 2020

Thematic Approach can Capture the Alpha Opportunities



Energy and Power Technologies

- Automation and process control
- EV & autonomous transport
- Renewable energy production
- Smart cities



Waste Management and Pollution Control

- Emissions control
- Recycling
- Waste service



Water and Wastewater Solutions

- Irrigation
- Water infrastructure
- Water treatment



Health and Well-Being

- Access to capital
- Healthy living
- Safer products
- Sustainable food

Disclaimers (...Continued)

All information is in Canadian dollars unless stated otherwise.

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