Global Equity Enhanced Income Fund

OBJECTIVES AND PROCESS

- Seeks a high level of current income and long-term capital appreciation by investing primarily in equity securities of any market cap and style, broadly diversified among major economic sectors and global geographic regions
- Under normal conditions, the fund invests:
  - At least 90% of its total assets in equity securities of companies located worldwide of which at least 90% will be invested in dividend-paying equity securities
  - In equity securities of issuers located in at least five different countries, including the US, and maintains an allocation to US securities within 10% of the fund's US benchmark allocation
- Targets an overall carbon footprint and carbon intensity for the portfolio that is at least 30% lower than the MSCI All Country World Index
- Targets creating a portfolio with a higher weighted average ESG score than the MSCI All Country World Index
- Uses a proprietary fundamental investment process to identify quality companies around the world with proven track records of delivering consistent or rising dividends and companies likely to raise their dividends meaningfully and/or to pay a significant special dividend
- Employs a strategy of writing (selling) call options, with a net notional amount of up to 100% of total assets in an attempt to generate premium income
- Seeks to provide a targeted yield for the fund based on prevailing market conditions, although there is no guarantee that the fund will generate the targeted yield, or any other level of income or returns
- May use currency exchange transactions for hedging and other derivatives for hedging, efficient portfolio management or investment purposes

KEY RISKS

Smaller-company securities risk: securities of companies with smaller market capitalisations tend to be more volatile and less liquid than securities of larger companies. **Geographic concentration risk:** investments concentrated in specific geographic regions and markets may be subject to greater volatility due to economic downturns and other factors affecting the specific geographic regions. **Global investment risk:** securities of certain jurisdictions may experience more rapid and extreme changes in value and may be affected by uncertainties such as international political developments, currency fluctuations and other developments in the laws and regulations of countries in which an investment may be made. **ESG risk:** applying an ESG screen for security selection may result in lost opportunity in a security or industry resulting in possible underperformance relative to peers. ESG screens are dependent on third-party data and errors in the data may result in the incorrect inclusion or exclusion of a security. **Currency Risk:** currency exchange rates may fluctuate significantly over short periods of time and can be affected unpredictably by intervention (or the failure to intervene) by relevant governments or central banks, or by currency controls or political developments. **Emerging markets risk:** Emerging markets may be more sensitive than more mature markets to a variety of economic factors and may be less liquid than markets in the developed world. **Equity Securities Risk:** These securities fluctuate in value and price in response to factors impacting the issuer of the security as well as general market, economic and political conditions. **Leverage Risk:** the use of certain types of financial derivative instruments may create leverage which may increase share price volatility.

Calendar-year performance (%)

Past performance is not indicative of future results.

	2024	2023	2022	2021
Class I (USD) (16 Jul 2020)*	19.43	18.37	-16.41	20.76
MSCI ACWI Index (Net)[1]	17.49	22.20	-18.36	18.54

Performance (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since incep.
Class I (USD) (16 Jul 2020)*	-3.15	1.92	1.92	9.98	7.91	–	–	11.43
MSCI ACWI Index (Net)[1]	-3.95	-1.32	-1.32	7.15	6.91	–	–	10.96

Past performance is not indicative of future results. Performance calculations are net of all applicable fees and are calculated on a NAV-to-NAV basis (with income re-invested). Performance shown is for class and currency indicated and returns may increase/decrease as a result of currency fluctuations. *Share class inception date

Performance

- Global equities experienced significant volatility in March and ultimately delivered mixed results. Europe outperformed, benefitting from Germany's defence spending plans and continued strength in European banks while the US underperformed amid heightened political uncertainty, growth concerns and unpredictable tariff policies. The MSCI ACWI ended March in negative territory, returning -3.95%.
- In a continued reversal of the status quo, Value again outperformed Growth by 5.9% in March.
- The fund delivered -3.15% for the month but outperformed the benchmark by 80 bps.
- Benefitting from elevated volatility, the options portfolio contributed positively to overall portfolio performance.

Drivers

- The **alpha mode**l was positive for the month with all components contributing (Value, Quality and Momentum) and Quality showing particular strength.
- **Financials** was our top performing sector for the month, adding +66 bps with insurance stocks performing particularly well.
- **Communication Services** followed in second, adding +42 bps driven by growing integration of traditional telecoms companies with AI for more diversified and interactive media services.
- Our overweight to **Europe** added +112 bps driven predominantly by French communications companies.
- Spanish bank **CaixaBank** added +20 bps following strong financial results and various strategic initiatives throughout the month with a focus on sustainable investment.
- Norwegian telecommunications company **Telenor ASA** added +19 bps after announcing a merger with Jottacloud, a leading European storage provider, to create an all-Norwegian cloud storage alternative to global providers.
- Brazilian insurance company **BB Seguridade Participacoes SA** added +17 bps as a result of its strong earnings growth, defensive characteristics, and high dividend yield.
- Our underweights to **Materials** and **Industrials** were the largest sector detractors for the month, costing -19 bps and -16 bps each. While both sectors performed well over the month, the portfolio tends to be underweight such carbon heavy industries in order to meet its carbon emissions targets.
- US IT distribution company **TD SYNNEX Corporation** cost -24 bps after the stock dropped 18% following their Q1 2025 earnings release which fell short of analysts' expectations.

Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this fund presents disproportionate communication on the consideration of non-financial criteria in its investment policy.

1. Morgan Stanley Capital International (MSCI) All Country World Index (ACWI). The Fund uses the MSCI All Country World Index as a reference for selecting investments and for performance comparison. The investments of the Global Equity Enhanced Income Fund may deviate significantly from the components of and their respective weightings in the benchmark.

Global Equity Enhanced Income Fund

GENERAL FUND INFORMATION

Portfolio managers: Petros Bocray, CFA®, FRM; Justin Carr, CFA®; Vince Fioramonti, CFA®; Megan Miller, CFA®; and Wai Lee, Ph.D.

Benchmark: MSCI ACWI Index (Net)[1]

Fund inception: 16 Jul 2020

Management approach: Actively managed

Sustainable Finance Disclosure Regulation: Article 8[†]

- US bank **Citigroup Inc** detracted -14 bps following the announcement of a debt redemption in the middle of the month as well as the stock repurchase program announced earlier in the year.
- Despite strong earnings, well-managed inventory levels and product launches, US footwear distributor **Deckers Outdoor Corporation** detracted -12 bps. Year-to-date to the end of March, the stock had fallen more than 38% due to concerns over valuations and slower growth.
- The equity market decline in March led to favourable conditions for call overlays in the month, as upside calls contributed 0.10% to strategy performance.

Positioning

- The yield on the equity portfolio is currently 4.7% versus the benchmark yield at 1.9%, creating 280 bps of dividend yield premium for the fund.
- Implied volatility as measured by the benchmark volatility index (the VIX) finished the month higher, settling at 22.28 by month-end after peaking at 27.86 mid-month. Mag7 pullbacks, uncertainties surrounding tariff policies and its impact on inflation, and market sentiment concerns led to a higher implied volatility.
- A VIX of 22.3 sits above long-term median levels. Option strikes written in the month can best be described as above average, while meeting income targets, still allowing as much equity market upside as possible.

Market Overview

- Markets maintained a risk-off stance in March with stagflation concerns intensifying stemming from slowing growth and persistent inflation. At the end of March, the MSCI ACWI delivered its worst quarter since 3Q 2022 with year-to-date performance breaking the index's string of five straight positive quarters. The same is also true of the S&P 500.
- Tariffs again dominated daily headlines as trade policy uncertainty intensified. The 25% tariffs imposed on Canada and Mexico and the 10% tariffs on Chinese goods announced earlier in the year took effect in March, sparking fears of trade wars and economic disruption.
- Stagflation fears remained elevated throughout the month. While inflation expectations rose, consumer confidence declined sharply and ISM Manufacturing and Services indices indicated rising price pressures, further complicating the outlook.
- Despite the headwinds from tariffs and some signs of a weakening economy, inflation pressures and uncertainty of tariff impacts make it difficult for the Federal Reserve to cut rates. In March, the Fed opted for a "wait-and-see" approach to allow time to assess the impacts more clearly.
- The Magnificent 7 again significantly underperformed the broader market, pulling back -9.76% in March with all names delivering negative returns. The rest of the ACWI returned -2.52%. Meta Platforms led the Magnificent 7 decliners, posting a loss of -13.69% after the broader market downturn led to a retreat in valuations of major technology companies.

[†]Promotes environmental and social characteristics but does not have a sustainable investment objective.

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