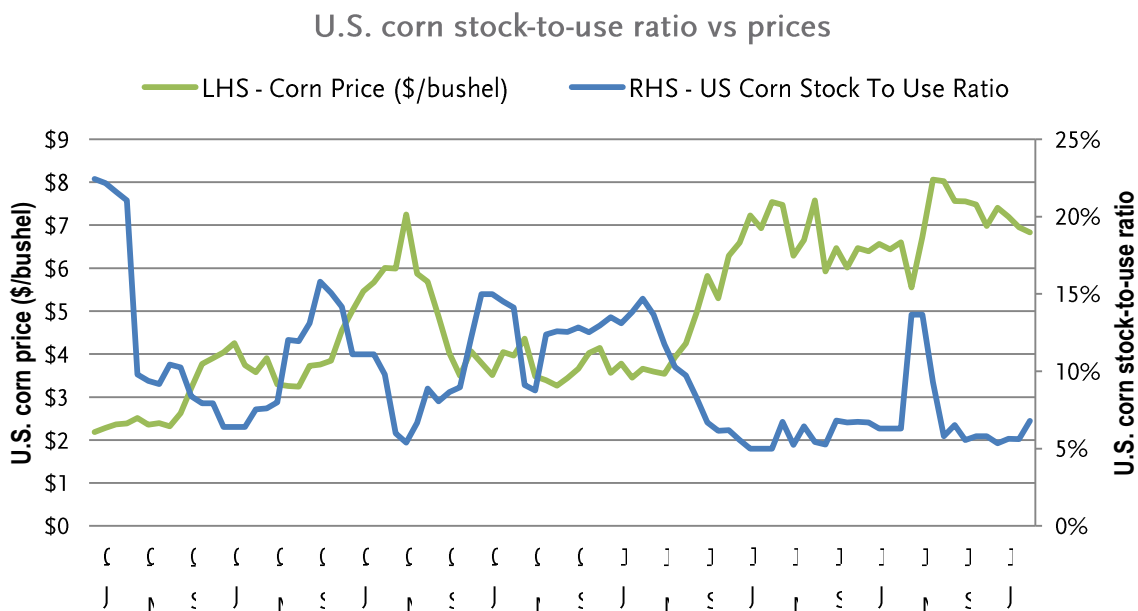


THE FOOD SCARCITY PROBLEM

Around the world, consumers are beginning to feel the pinch resulting from higher food prices. While in the developed world this may mean consumers spend more on food and have less left over for discretionary items, in the developing world this could threaten the impoverished and increase malnutrition and starvation levels.

Indeed, global food prices have broadly risen over time – according to the Food and Agriculture Organization of the United Nations (FAO)’s Food Price Index, global food commodities have more than doubled, rising by 138% since 2000.¹ This has largely been a result of growing demand for, and tighter supplies of, grains and natural resources. For example, corn – an all-important bell-weather grain that is used for human consumption, for blending into ethanol for gasoline, and as feed for the meats that we consume – has seen its inventories in the United States fall to multi-decade low levels. The tight supply-and-demand dynamic has meant that grain prices have remained historically high despite a weak overall environment for commodities over the past several years.



Source: USDA, Bloomberg, as of April 30, 2013.

BEHIND THE TIGHTENING SUPPLY/DEMAND BALANCE

A combination of global secular trends is contributing to growing demand and tightening supply, with no signs of abating any time soon. These include:

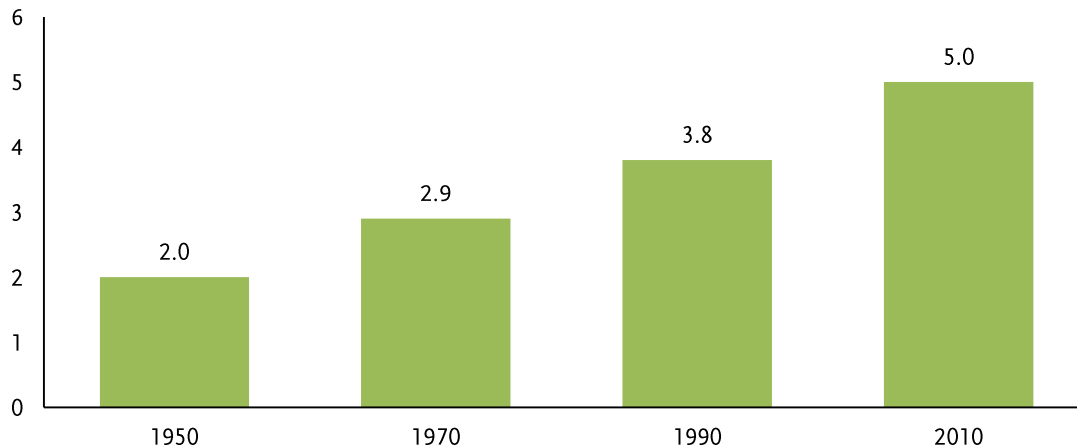
Growth in population and a finite amount of land

With global population expanding at an ever-increasing rate combined with a finite amount of land, particularly that which is available for agricultural purposes, there is an increasing scarcity of arable land to feed each person.

¹ Source: FAO Food Price Index, as of April 30, 2013

Indeed, the number of people per hectare of arable land globally has increased at a steady rate historically– and is expected to continue.

Persons per hectare of arable land – on a global basis



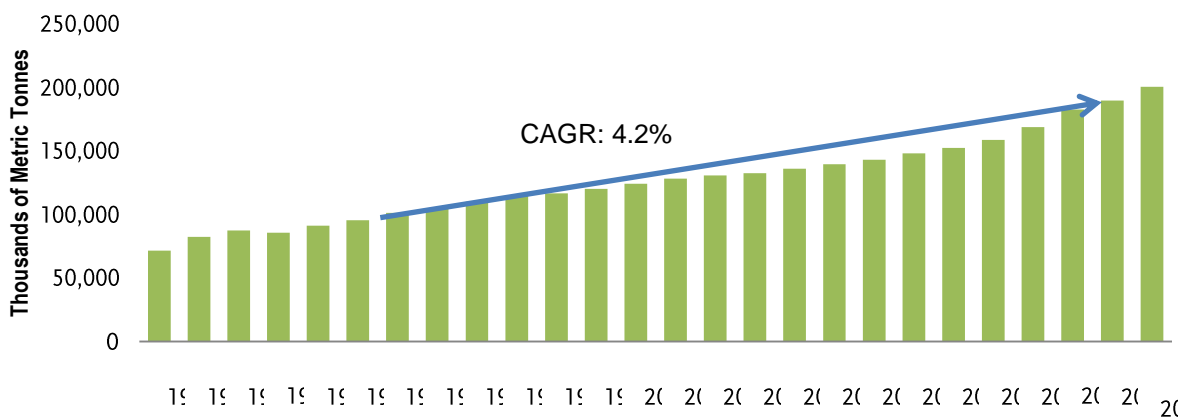
Sources: FAO, The World Bank, as of April 30, 2013.

Changing appetites and consumption patterns

Another factor impacting demand is the growing affluence in emerging markets, which is leading to changing consumption patterns. Generally, as populations gain affluence, they have tended to consume more meat in their diets and accordingly, demand for grains has increased as more grain is required to produce a pound of meat than would be otherwise consumed.

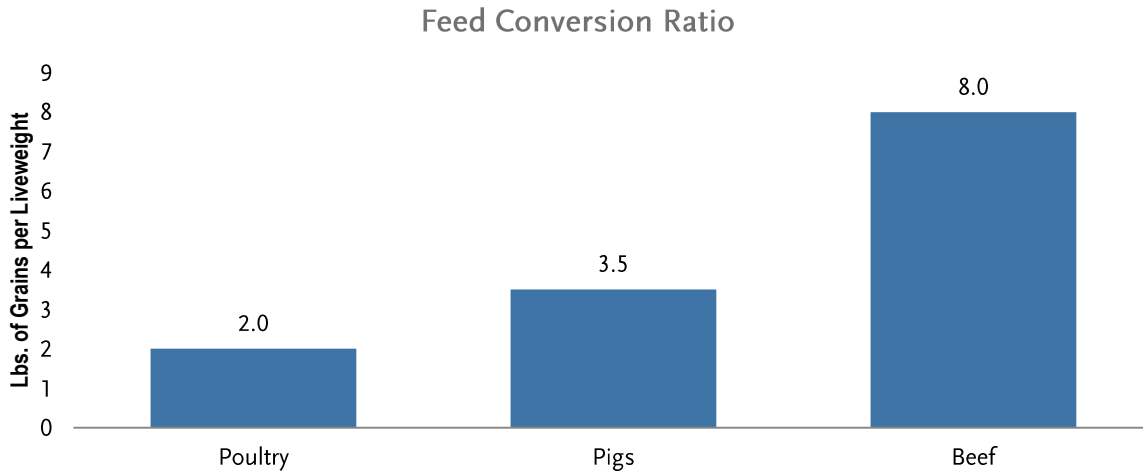
This increase in feed consumption has been most pronounced in China, where demand has doubled over the past 20 years and in India, where it has more than tripled.²

BRIC Countries Corn Consumption - Feed & Residual Use



Source: USDA, Company Reports, as of April 30, 2013.

² Source: US Department of Agriculture, as of April 30, 2013.

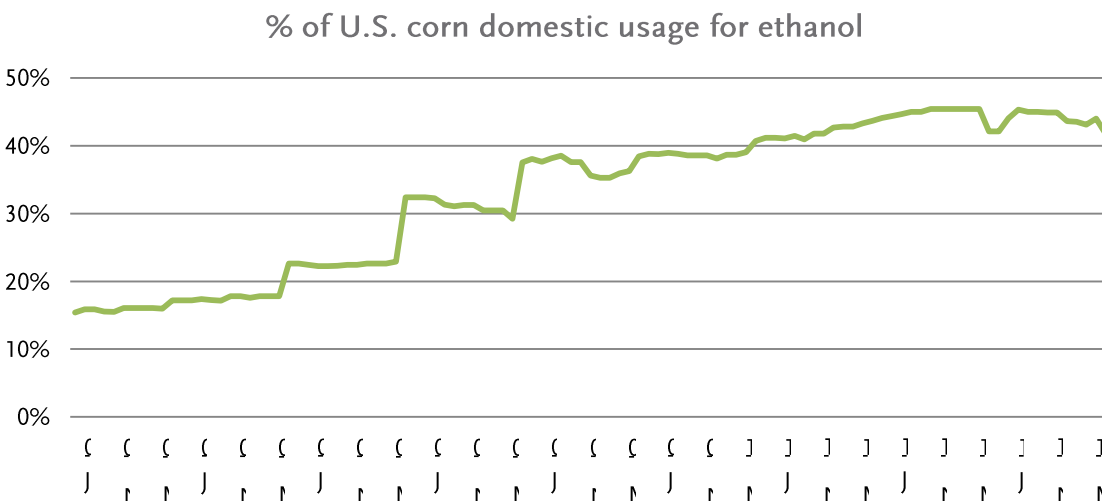


Source: USDA, Company Reports, as of April 30, 2013.

Competing uses for grains

A third, and often contentious, factor is growing competition for grain usage, particularly for fuel. In the United States, the world's largest consumer of corn, an effort to reduce the country's dependence on foreign oil has led to a mandated increase in renewable fuels usage each year, known as the Renewable Fuels Standard (RFS).

As the bulk of renewable fuels is corn-derived ethanol being blended into gasoline, this has led to a steady increase in corn consumption. Currently, corn used to produce ethanol for blending into gasoline represents approximately 40-45% of corn consumption in the United States.



Source: USDA, Bloomberg, as of May 15, 2013.

Weather anomalies

Weather is a key unknown factor when it comes to agriculture. Recent droughts in key crop-producing regions have further hindered supplies. This year, prolonged cold weather in the spring months prevented farmers from fully planting their crops in North America. Last year, meanwhile, much of the United States, including key crop-producing regions, suffered through drought conditions that lasted well into the summer.

While there is some debate as to whether these weather events are being exacerbated by climate change effects, it is possible that they will continue to occur and impact crop production in the future.

SOLVING THE YIELD EQUATION

Moreover, the food scarcity problem may exacerbate itself in the coming years. The Organization for Economic Co-operation and Development (OECD) estimates that global agriculture output will need to rise by more than 50% by 2030 in order to feed a population estimated to be 27% larger and 83% wealthier than that of today. The issues described above – a shift towards meat-based diets and rising demand for bio-fuels – will continue to amplify the problem. As a result, the OECD estimates that 10% more land will have to be used for agriculture worldwide, with significant negative implications for the environment and biodiversity.³

With the backdrop of a structural decline in farmland available for cultivation, the key to solving the food scarcity problem lies in the world's ability to increase agricultural productivity – making better use of the arable land that is available (and the resources required to grow and transport crops). This may involve better and more optimal application of resources such as fertilizers, or better agricultural infrastructure, including better transport, storage and refrigeration equipment that might reduce spoilage. Improved irrigation techniques are another important aspect that might also help increase crop productivity.

AGF CLEAN ENVIRONMENT EQUITY STRATEGY⁴ HAS A NUMBER OF HOLDINGS WITH EXPOSURE TO THIS THEME

Interesting innovative examples include:

- **Trimble Navigation Ltd.** – Trimble Navigation has a segment that offers precision agriculture technologies for farmers to assist with planting and seeding, nutrient and pest management, harvesting and drainage. Trimble's innovative solutions help farmers to use resources such as seeds and fertilizers more efficiently, by preventing overlap and ultimately improving crop performance. Trimble also has solutions that ensure optimal water management, with technologies used for surveying, designing and leveling steps for irrigation purposes.
- **Valmont Industries Inc.** – Valmont Industries is one of the world's leading providers of irrigation equipment for agriculture. The company produces center pivot and linear irrigation equipment that provide precise water, chemical and fertilizer applications that can result in improved crop yields, reduced labor

³ Source: OECD Environmental Outlook to 2030.

⁴ The strategy is based on the AGF Clean Environment Equity Fund. Please see disclaimer at the end of the document.

costs, more efficient energy consumption, water conservation and reduced runoff. Valmont Irrigation currently operates in five continents and markets its products in more than 100 countries.

PERFORMANCE REVIEW

Performance as of April 30, 2013 (CAD\$)	3 mo.	YTD	1 yr.	3 yr.	5 yr.	10 yr.
AGF Clean Environment Equity Strategy (Gross)	5.1%	10.5%	13.6%	5.8%	-3.4%	8.2%
FTSE ET50 Index**	6.1%	11.6%	13.0%	5.2%	1.7%	9.8%

Source: AGF Operations Reporting, Bloomberg as of April 30, 2013. Performance is in Canadian dollars and displays gross of fee returns.

* The strategy is based on the AGF Clean Environment Equity Fund. Please see disclaimer at the end of the document.

**On April 2, 2012, the Strategies’s benchmark changed from the S&P/TSX Composite Index to the FTSE Environmental Technology 50 Index. The benchmark change was applied from this date forward.

All information is in Canadian dollars. The strategy performance presented is gross of fees; rates of return for greater than one year have been annualized. The representative account mentioned for the AGF Clean Environment Equity Strategy is the AGF Clean Environment Equity Fund which is managed in accordance with the AGF Clean Environment Equity strategy.

The net return on investment (calculated using the mutual fund Management Expense Ratio) for the AGF Clean Environment Equity Fund as at April 30, 2013 for 1 year is 10.1%, 3 years is 2.7%, 5 years is -6.2%, 10 years is 5.0% and since inception is 5.4% (Inception: December 31, 1991).

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. The indicated rates of return are the historical annual compounded total return including changes in the unit value and reinvestment of all dividends and do not take into account sales, redemptions, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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

The information contained herein was provided by AGF Operations and Reporting intends to provide you with information related to AGF Clean Environment Equity Fund and 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 Inc. assumes no responsibility for any investment decisions made based on the information provided herein

Except where defined for GIPS purposes herein, AGF Investments is a registered trade name of AGF Investments Inc. that includes the following affiliated entities: Acuity Investment Management Inc., AGFIA Limited, Highstreet Asset Management Inc. and AGF Investments America Inc.

AGF Investments America Inc. is a registered adviser in the U.S. AGF Investments Inc., Acuity Investments Management Inc, Highstreet Asset Management Limited and AGFIA Limited are registered as portfolio managers across various Canadian securities commissions. AGFIA Ltd. is also regulated by the Central Bank of Ireland. The entities are affiliated and wholly owned by AGF Management Limited, a Canadian reporting issuer.

The commentaries contained herein are provided as a general source of information based on information available as of May 2013 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 AGF Investments accepts no responsibility for individual investment decisions arising from the use or reliance on the information contained herein.

Published: May 31, 2013.

This document is for use by Canadian accredited investors only.