

QUICK FACTS

**INVESTMENT STYLE:**  
Fixed income

**INCEPTION DATE:**  
March 1993<sup>1</sup>

**INVESTMENT APPROACH:**  
Core "plus"

**BENCHMARK:**  
FTSE TMX Canada Universe Bond Index

INVESTMENT TEAM

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Julius Nyarko, Analyst

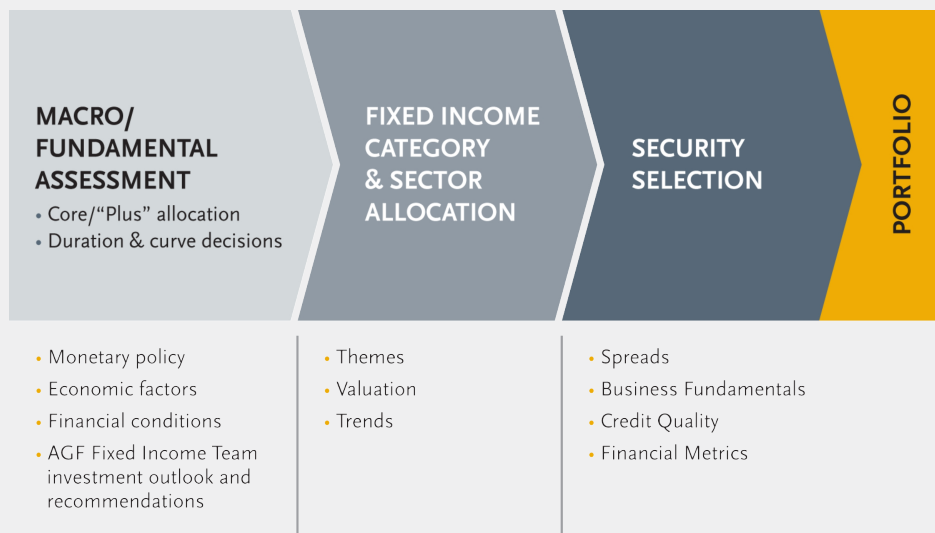
**ADDITIONAL INVESTMENT RESOURCES:**

Canada: 44  
United States: 4  
Singapore: 4  
Ireland: 2

INVESTMENT PHILOSOPHY

We believe the key to adding value in fixed income is to leverage our long-tenured expertise in our core competencies to deliver sustainable alpha to our clients. We focus on adding value by strategically allocating across fixed-income categories and currency. We believe our strengths lie in the use of global fixed-income specialists to capture investment opportunities and that our disciplined methodology, using proprietary models and fundamental research, enables us to capture inefficiencies across global fixed-income markets.

INVESTMENT PROCESS OVERVIEW



INVESTMENT PROCESS

The AGF Fixed Income Plus investment process combines a large, high quality core investment grade bond portfolio with select exposure to additional income-generating asset classes up to a maximum of 30%.

The core portion emphasizes quality while focusing on managing term and duration relative to the benchmark. The core also includes high-quality investment grade credits with attractive yield spreads. The "plus" portion employs alternative income-generating asset classes, such as high-yield bonds, convertible debentures and emerging market debt, to supplement the core.

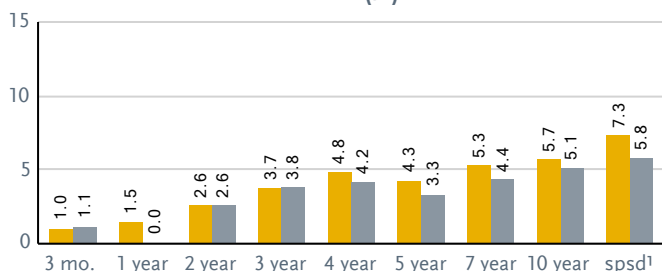
These asset classes, while providing higher yields and/or return expectations, can also dampen interest rate volatility within the portfolio as they typically exhibit low correlations with traditional bonds due to their lower interest rate sensitivity. They also provide the potential for capital appreciation, which has rewarded investors in this strategy historically. Top-down decisions are distilled from the Team's macro-economic analysis of the Canadian and global economy. Some of the factors discussed include economic growth, inflation, central bank policy, yields and spreads. This analysis drives the core/"plus" exposure as well as duration, curve, credit

and sector allocations. These decisions emphasize relative risk-adjusted return prospects.

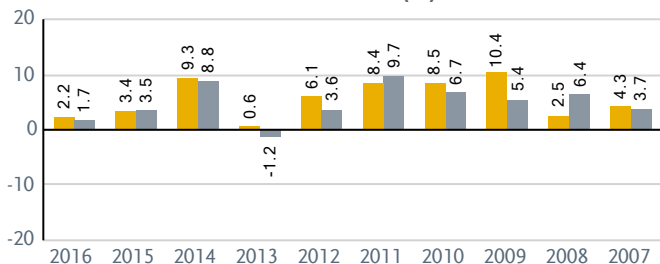
The strategy is well diversified across fixed-income categories and sectors while a risk-controlled framework is integrated within the research and portfolio management process, with a goal of generating favourable risk-return outcomes for our clients. Equity research from the North American Research and Global Equity teams is leveraged to identify opportunities in corporate, convertible and emerging market bonds with strong potential to outperform.

<sup>1</sup>Effective March 1, 2012, Acuity Funds Ltd. amalgamated with its affiliate AGF Investments Inc. The amalgamated entity, AGF Investments Inc., continues as the manager of the funds previously managed by Acuity Funds Ltd. Effective April 17, 2015, Acuity was deregistered and was removed from AGF Investments. The clients and assets managed under Acuity have been transferred to AGFI. The fund was renamed from Acuity Fixed Income Fund, effective April 19, 2012 to AGF Fixed Income Plus Fund available to retail investors. The AGF Fixed Income Plus Strategy is managed by the same portfolio manager and is available to Institutional investors.

ANNUALIZED PERFORMANCE (%) – CAD



CALENDAR YEAR PERFORMANCE (%) – CAD



FIXED INCOME ALLOCATION (%)<sup>2</sup>



■ Portfolio<sup>■</sup>(gross) ◆ Benchmark<sup>▲</sup>

TOP 10 HOLDINGS # 2

% of Total Assets

Province of Ontario 5.60% June 2, 2035	4.5
Canada Housing Trust 1.15% December 15, 2021	3.5
Province of Quebec 3.50% December 1, 2022	3.0
CPPIB Capital Inc. 1.40% January 15, 2019	2.8
Province of Ontario 2.85% June 2, 2023	2.8
Labrador-Island Link Funding 3.76% June 1, 2033	2.7
Government of Canada 5.00% June 1, 2037	2.5
Government of United States of America 4.50% February 15, 2036	2.4
Government of United States of America 2.25% November 15, 2024	2.2
Government of Canada Real Return 3.00% December 1, 2036	2.0
<b>Total</b>	<b>28.4</b>
Number of Portfolio Holdings	134

PORTFOLIO CHARACTERISTICS

Portfolio<sup>■</sup> Benchmark<sup>▲</sup>

Average Term (years)	11.8	10.4
TTM Distribution	1.5%	-
Modified Duration (years)	7.1	7.6
Payment Frequency	Quarterly	-

CREDIT MIX

Portfolio<sup>■</sup> Benchmark<sup>▲</sup>

AAA	30.8	37.9
AA	24.7	37.7
A	10.4	11.9
BBB	18.3	9.6
BB	3.9	0.0
B	1.9	0.0
CCC or lower	0.5	0.0
Non Rated	9.4	2.9

■ AGF Fixed Income Plus Strategy ▲ FTSE TMX Canada Universe Bond Index <sup>1</sup>SPSD (December 31, 1999)

TTM Distribution Yield: TTM= Trailing 12-Month

All sources: AGF Investments Operations as at June 30, 2017. Performance is based on the AGF Fixed Income Composite. All other strategy information is based on the AGF Fixed Income Plus representative account. This information is additional to the GIPS-compliant presentation found at the end of the document.

<sup>2</sup>Cash not included.

This report is not complete without disclaimer.

All information is in Canadian dollars. The performance presented is gross of fees; rates of return for greater than one year have been annualized. Effective October 31, 2016, the calculation methodology for holdings based portfolio characteristics with the exception of weighted average market cap and active share has changed to a weighted ranking methodology, considered by AGF Investments as a better reflection of the relevant attributes. The new methodology, applied prospectively, applies a ranking to each security, uses the percentage market value weight of the security in the portfolio/benchmark and determines a median of extracted securities to arrive at the portfolio/benchmark characteristic (by summing the weight of securities which have a rank to calculate a rank for the portfolio/benchmark and extracting securities with the same portfolio rank).

#### **Net Performance**

The representative account within this presentation is the AGF Fixed Income Plus Fund which is managed in accordance with the AGF Fixed Income Plus Strategy. The net return on investment (calculated using the mutual fund Management Expense Ratio) for the AGF Fixed Income Plus Fund as at June 30, 2017 for 1 year is -0.35%, 3 year is 1.76%, 5 year is 2.27%, 10 year is 3.47% and since performance start date is 4.29%.

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 unit value and reinvestment of all dividends and do not take into account sales, redemption, 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.

Past performance is not necessarily a guide to 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 affect 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.

The information contained herein is intended to provide you with information related to the AGF Fixed Income Plus 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: AGF International Advisors Company Limited, Highstreet Asset Management Inc. and AGF Investments America Inc.

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

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Published: July 18, 2017.

AGF Investments

**AGF FIXED INCOME COMPOSITE**

January 1, 2007 - December 31, 2016

Year	Gross of Fee Composite Return (%)	Benchmark Return (%)	Number of Portfolios	Internal Dispersion (%)	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)	Composite AUM (\$CAD mil)	Firm AUM (\$CAD mil) *
2007	4.26	3.68	4	N/A	3.39	3.00	921.48	9,033
2008	2.51	6.41	4	N/A	3.78	3.56	750.19	5,800
2009	10.38	5.41	4	N/A	3.96	3.55	742.19	7,461
2010	8.48	6.74	3	N/A	4.04	3.72	768.93	7,701
2011	8.41	9.67	3	N/A	2.68	3.20	873.90	5,846
2012	6.11	3.60	2	N/A	2.31	2.96	423.43	3,751
2013	0.55	-1.19	2	N/A	2.79	3.15	319.98	2,158
2014	9.35	8.79	2	N/A	3.06	3.06	269.32	28,549
2015	3.37	3.52	2	N/A	4.14	4.08	629.74	26,221
2016	2.18	1.66	4	N/A	4.05	3.98	1,625.92	27,080

\*Firm AUM from 2007 – 2013 reflects the total firm AUM of Acuity, AUM after 2013 reflects the total firm AUM of AGF Investments. AGF Investments and Acuity merged on January 1, 2014. Please refer to the firm definition below for more information.

**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, 2016.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The AGF Fixed Income Composite has been examined for the period from January 1, 2000 to December 31, 2016. The verification and performance examination reports are available upon request.

**Firm Description**

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 Asset Management (Asia) Limited (AGF AM Asia) and AGF International Advisors Company Limited (AGFIA). AGFA is a registered advisor in the U.S. AGFI is 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. AGF AM Asia is registered as a portfolio manager in Singapore. The subsidiaries that form AGF Investments manage a variety of mandates comprised of equity, fixed income and balanced assets.

Effective September 30, 2012, AGF Investments includes AGFIA and AGFIA Limited (AGFIA Ltd). The firm definition was redefined in order to include AGFIA and AGFIA Ltd. under the AGFI brand and to centralize operational functions from a GIPS perspective.

Effective January 1, 2014, AGF Investments includes Acuity Investment Management Inc. (Acuity). The firm definition was redefined in order to centralize operational functions from a GIPS perspective.

Effective March 25, 2015, AGFIA Ltd. was deregistered and was removed from AGF Investments. The clients and assets managed under AGFIA Ltd. have been transferred to AGFIA. The firm definition was updated to reflect this event and the change has no impact on the data of this presentation.

Effective April 17, 2015, Acuity was deregistered and was removed from AGF Investments. The clients and assets managed under Acuity have been transferred to AGFI. The firm definition was updated to reflect this event and the change has no impact on the data of this presentation.

**Composite Description**

The Fixed Income Composite's mandate is to provide steady income to investors by investing primarily in fixed-income securities.

Beginning in the fourth quarter of 2009, some portfolios in the composite used forward contracts to reduce their exposure to currency fluctuations. Approximately 12.7% of the composite's market value was hedged as at December 31, 2016.

**Composite Creation Date**

The Composite was created on January 2000.

**Benchmark Description**

The benchmark is the FTSE TMX Canada Universe Bond Index. The FTSE TMX Canada Universe Bond Index is a market capitalization weighted index designed to be a broad measure of the Canadian investment-grade fixed income market.

**Currency**

Valuations and returns are computed and stated in Canadian Dollars.

**Minimum Portfolio Size**

The minimum portfolio size for inclusion into the composite is CAD \$1,000,000.

**Calculation Methodology**

Results reflect the reinvestment of dividend, income and other earnings.

Gross-of-fees returns are presented before management expenses and custodial fees, but after all trading expenses and withholding taxes.

Composite returns are calculated using asset-weighted returns by weighing the individual portfolio 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.

**Fee Schedule**

The maximum management fee for the strategy is 0.35% per annum.

**Additional Information**

Policies for valuing portfolios, calculating performance, preparing compliant presentations, and a complete list and description of firm composites are available upon request at GIPS@AGF.com.

Effective January 1, 2014, AGF Investments includes Acuity Investment Management Inc. All existing Acuity composites have been merged into AGF in order to centralize operational functions from a GIPS perspective.

This composite was verified from January 1, 2000 - December 31, 2013 through Acuity and was verified from January 1, 2014 - December 31, 2016 through AGF Investments.

Past performance does not guarantee future results.

