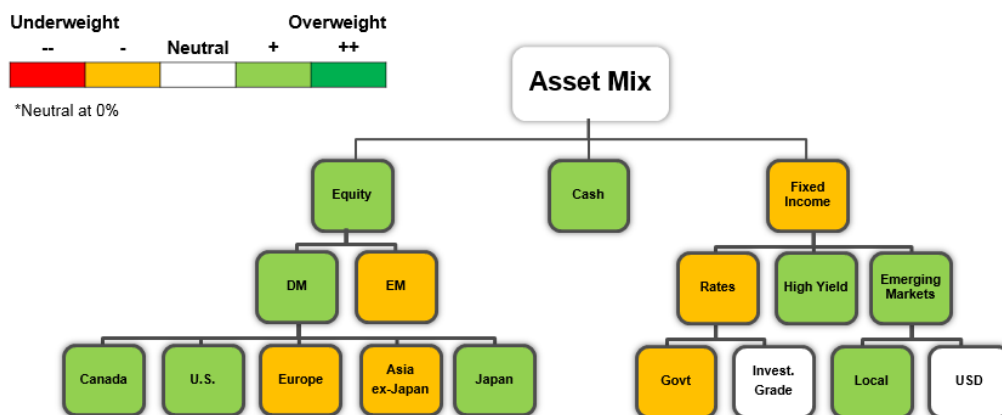


## AGF Asset Allocation Committee recommendations

Based on the outlook of the AGF Asset Allocation Committee, AGF Elements Portfolios were rebalanced on April 24, 2017. The following diagram represents the views of AGF's Asset Allocation Committee which influences the underweight and overweight positioning of the Portfolios.

Allocations to AGF's QuantShares ETFs were introduced to the Portfolios at the rebalance on April 24, 2017. The QuantShares Enhanced Core ETFs, managed by AGFiQ<sup>1</sup>, follow an active, proprietary quantitative multi-factor investment process aiming to provide exposure to equity securities of a specific region. By understanding and targeting the multiple factors that drive market returns, AGFiQ's strategy allows for active positions that provide opportunities for total return. At the same time, their unique approach to understanding and managing risk provides important benefits to AGF Elements in the form of protection from significant losses. This combination of strong market participation with better downside protection is a unique value proposition, aligning well with the objectives of the Elements portfolios as they seek to provide long-term capital appreciation with reduced volatility. To learn more about the QuantShares Enhanced Core ETFs please visit [www.agfiq.com](http://www.agfiq.com).



Source: AGF Asset Allocation Committee, April 2017

### Fixed Income

- Our overall fixed income allocation remains underweight as central bank policy and rising inflation could pressure rates
- Emerging market debt is most preferred within the asset class as the economic backdrop continues to improve
- USD denominated debt was upgraded to moderately overweight, though local denominated debt is still preferred between the two

### Cash

- Cash overweight remains\*

\*Neutral cash weight is 0%

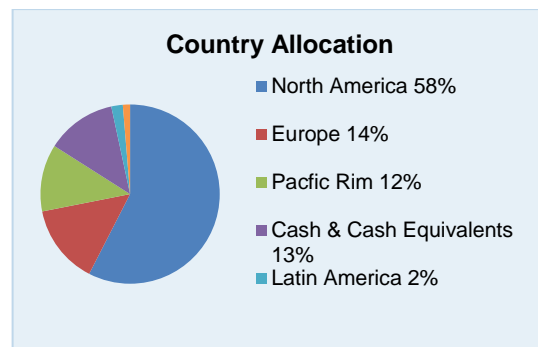
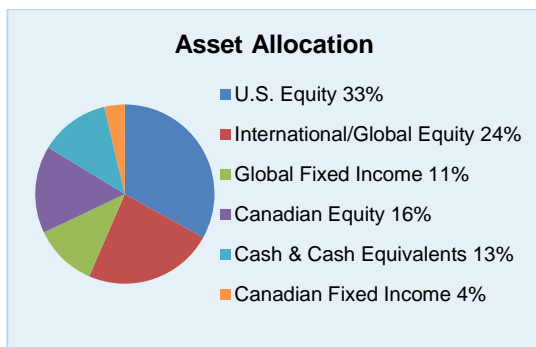
### Equities

- Our overall equity view is moderately favourable over fixed income, resulting in a slight overweight, though less so compared to the prior period
- Developed markets continue to be preferred, though prospects for emerging markets are improving
- Within Canada, large-cap equities are preferred over small-cap equities
- Outlook for the U.S. remains positive relative to other developed markets
- Europe was downgraded to moderately underweight due to near-term political risks
- Japan as upgraded to a modest overweight with attractive valuations and supportive central bank policy
- Exposure to Asia Pacific (ex-Japan) remains underweight

<sup>1</sup> AGFiQ Asset Management (AGFiQ) is a collaboration of investment professionals from Highstreet Asset Management Inc. (HAMI), a Canadian registered portfolio manager, and of FFCM, LLC (FFCM), a U.S. SEC-registered adviser. This collaboration makes up the quantitative investment team. Quantshares are ETFs offered by AGF Investments Inc. and managed by Highstreet Asset Management. Quantshares ETFs are listed on the Toronto Stock Exchange and may only be bought and sold through licensed dealers.

Percent Target Allocations	Neutral Allocation	Current Quarter	Previous Quarter	Change
<b>Canadian Fixed Income</b>		<b>3</b>	<b>2</b>	<b>+1</b>
AGF Fixed Income Plus Fund <sup>2</sup>		3	2	+1
<b>Canadian Equities</b>	<b>8</b>	<b>12</b>	<b>14</b>	<b>-2</b>
AGF Canadian Stock Fund		4	6	-2
AGF Canadian Small Cap Fund <sup>3</sup>		2	3	-1
AGF Dividend Income Fund		5	5	-
Quantshares Enhanced Core Canadian Equity		1	-	+1
<b>International/Global Equities</b>	<b>72</b>	<b>54</b>	<b>53</b>	<b>+1</b>
AGF American Growth Class		11	11	-
AGF U.S. Risk Managed Fund (Series S)		6	8	-2
AGF Asian Growth Class		2	2	-
AGF EAFE Equity Fund		2	2	-
AGF Global Equity Fund <sup>4</sup>		15	15	-
AGF Global Dividend Fund		8	8	-
AGF Emerging Markets Fund		2	2	-
AGF European Equity Class		4	5	-1
Quantshares Enhanced Core Emerging Markets		1	-	+1
Quantshares Enhanced Core International		1	-	+1
Quantshares Enhanced Core US Equity		2	-	+2
<b>Specialty Funds</b>	<b>-</b>	<b>18</b>	<b>18</b>	<b>-</b>
AGF Global Resources Class		3	3	-
AGF Tactical Fund (Series S)		15	15	-
<b>Global Fixed Income</b>	<b>20</b>	<b>13</b>	<b>13</b>	<b>-</b>
AGF Global Bond Fund		6	6	-
AGF Total Return Bond Fund		3	3	-
AGF High Yield Bond Fund <sup>5</sup>		2	2	-
AGF Emerging Markets Bond Fund		2	2	-

## CURRENT ALLOCATIONS (as of April 24, 2017)



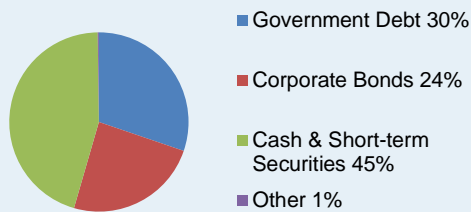
<sup>2</sup> AGF Canadian Bond Fund and AGF Inflation Plus Bond Fund merged into AGF Fixed Income Plus Fund on May 20, 2016.

<sup>3</sup> AGF Canadian Small Cap Discovery Fund merged into AGF Canadian Small Cap Fund on May 20, 2016.

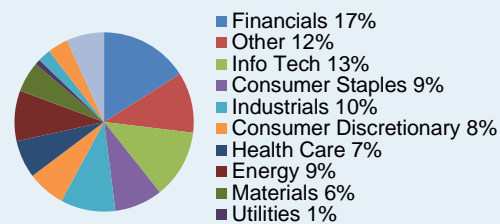
<sup>4</sup> AGF Global Value Fund merged into AGF Global Equity Fund on May 20, 2016. On April 18, 2008, the Fund changed its investment objective to provide long-term capital growth and invest primarily in shares of companies around the world. The Fund may invest up to 25% of its assets in companies in emerging markets.

<sup>5</sup> On April 10, 2012, unitholders approved a change in the investment objective providing the Fund with greater flexibility to invest in high-yield bonds issued or guaranteed by corporations around the world.

### Bond Type Allocation



### Equity Sector Allocation



## QUARTER REVIEW – Q1 2017

### Fund Performance

- For the quarter ended March 31, 2017, the AGF Elements Growth Portfolio returned 3.9%, while the blended benchmark returned 4.7%. The blended benchmark is composed of 72% MSCI All Country World Index/20% Barclays Capital Global Aggregate Bond Index/8% S&P/TSX Composite Index.
- The Portfolio's benchmark asset mix is 20% fixed income and 80% equities. Relative to the benchmark, the Portfolio maintained its overweight to equities and underweight to fixed income based on the AGF Asset Allocation Committee's more constructive view for the asset class. This positioning contributed to performance, as fixed income remained in a tight range following a material rise in yields during the prior period caused by reflation trends, rising economic activity and optimism following the U.S. election.
- During the quarter, Canadian equity exposure was further increased in favour over U.S. equities. This detracted from performance, causing the Portfolio to underperform relative to the blended benchmark, as U.S. equities generally outperformed Canadian equities during the period, though Canadian equities generally earned positive returns.
- The performance of the underlying funds in the Portfolio was mixed during the quarter. Within the Portfolio's equity exposure, AGF American Growth Class, AGF Dividend Income Fund and AGF Canadian Small Cap Fund outperformed their respective benchmarks, while all other underlying equity funds lagged their respective benchmarks. Underlying fixed income performance was largely positive during the quarter as all funds outperformed their respective benchmarks except for AGF Emerging Market Bond Fund, which lagged its benchmark yet still earned positive returns during the period.

Performance as of March 31, 2017 (NET OF FEES)	PSD	3mo	6mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Since PSD
<b>AGF Elements Growth Portfolio</b>	<b>25/11/2005</b>	3.83	6.25	3.83	12.71	7.05	8.61	3.52	4.72
AGF American Growth Class	18/04/1957	6.79	10.99	6.79	21.49	13.44	16.19	7.42	8.69
AGF Asian Growth Class	31/10/1991	10.91	3.70	10.91	13.60	7.70	7.26	3.16	4.19
AGF Canadian Small Cap	15/02/1996	2.73	4.87	2.73	16.04	2.97	5.25	2.05	8.11
AGF Canadian Stock	01/10/1969	2.24	7.90	2.24	15.78	1.50	5.31	0.99	4.32
AGF Dividend Income	14/04/2003	2.59	7.99	2.59	14.30	5.17	6.61	3.30	8.94
AGF EAFE Equity	27/08/2007	4.32	2.99	4.32	5.69	1.79	5.96	-	0.13
AGF Emerging Markets	11/03/1994	9.54	5.46	9.54	16.31	5.03	2.46	3.45	10.90
AGF Emerging Markets Bond	02/11/2010	3.32	1.62	3.32	6.27	5.36	5.34	-	4.67
AGF European Equity Class	11/04/1994	5.64	9.94	5.64	11.31	-4.54	7.19	-4.73	1.56
AGF Fixed Income Plus	30/11/1998	1.40	-1.93	1.40	1.38	2.37	2.46	3.36	4.32
AGF Global Bond	15/06/2010	1.58	-2.87	1.58	0.42	3.68	4.10	-	4.48
AGF Global Dividend	09/08/2007	4.07	6.47	4.07	11.47	10.54	12.81	-	7.00
AGF Global Equity	28/11/1994	4.73	8.16	4.73	16.83	10.53	13.27	4.91	7.65
AGF Global Resources Class	19/04/2000	-8.29	-4.65	-8.29	10.81	-11.38	-6.57	-1.21	6.70
AGF High Yield Bond	08/02/1994	2.53	3.43	2.53	12.04	2.55	4.61	4.44	5.30
AGF Total Return Bond	15/06/1994	2.59	1.92	2.59	7.57	3.34	4.83	4.63	6.23
QuantShares Enhanced Core Cdn Eq ETF	30/01/2017	-	-	-	-	-	-	-	1.56
QuantShares Enhanced Cr Emer Mkts Eq ETF	30/01/2017	-	-	-	-	-	-	-	5.28
QuantShares Enhanced Core Intl Eq ETF	30/01/2017	-	-	-	-	-	-	-	6.98
QuantShares Enhanced Core US Equity ETF	30/01/2017	-	-	-	-	-	-	-	4.71
AGF Tactical Fund (S)	15/01/2015	2.96	5.91	2.96	12.20	-	-	-	5.94
AGF U.S. Risk Managed Fund (S)	26/01/2009	5.02	11.46	5.02	16.04	14.02	16.29	-	13.69

**For more information, please contact your financial representative.**

All market figures are provided by Bloomberg.

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