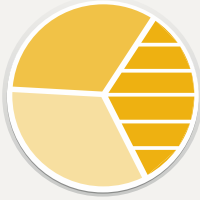


## Equities

Our overall equity view is moderately favourable over fixed income, though less so compared to the prior period. Developed markets continue to be preferred over emerging markets (EM), though prospects for EM are improving.



## Global Growth

Global growth is expected to continue across most regions over the medium-term, backed by a supportive macroeconomic backdrop and high sentiment levels. However, geopolitical uncertainty could potentially disrupt this trend.



## Fixed Income

Our view for fixed income remains cautious as less dovish central bank policy and rising inflation could pressure rates. Within fixed income, we prefer emerging market debt, specifically local denominated bonds.



## Canada

Canada's economy continues to improve and the central bank appears firmly on the sidelines, which should be supportive of growth. However, stalling oil prices and uncertainty related to trade-terms with the U.S. could partially offset gains.

# Q2 2017 OUTLOOK

# ASSET ALLOCATION COMMITTEE



## Currency

We expect currency volatility to continue throughout the quarter, fueled by fiscal and monetary policy initiatives, namely within the U.S., China and Europe.



## Europe

European valuations appear relatively attractive and macroeconomic data is improving, though political uncertainty has the potential to derail equity markets, resulting in a modestly underweight position.



## U.S. Economy

An overweight towards the U.S. continues as a strengthening economic backdrop should allow for sustained improvement, though we remain cognizant of building near-term risks, which may result in a market correction.



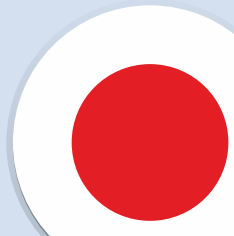
## The Fed

We expect the Fed will raise rates in 2017 as telegraphed. Timing of this year's second policy rate increase will depend on the incoming economic data, though a hike is currently priced in around mid-year in 2017.



## Japan

We are cautiously optimistic on Japan. Global growth would greatly benefit the Japanese economy, which is highly linked to exports. Relative valuations are also attractive, though high debt levels and the potential for policy missteps pose potential risks for the outlook.



## Resources

Fundamentals continue to remain supportive for resources. This, combined with OPEC's adherence to production cuts could continue to support oil prices. We currently prefer Energy over Materials, though we are underweight both.



For more information on the AGF Asset Allocation Committee or to read their most recent quarterly outlook, visit [AGF.com/AAC](http://AGF.com/AAC).



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