

# Active management of AGF Traditional Income Fund

AGF Traditional Income Fund is more than a balanced fund. Its actively managed asset allocation mix can move 20% up or down from a 50% equities / 50% fixed-income neutral weight. Value-add is also achieved by adjusting the underlying security selections, sector weights and geographical representation\* as opportunities (and market challenges) unfold. Its dividend-growth focus and emphasis on bottom-up security selection distinguishes it from the broader benchmark.

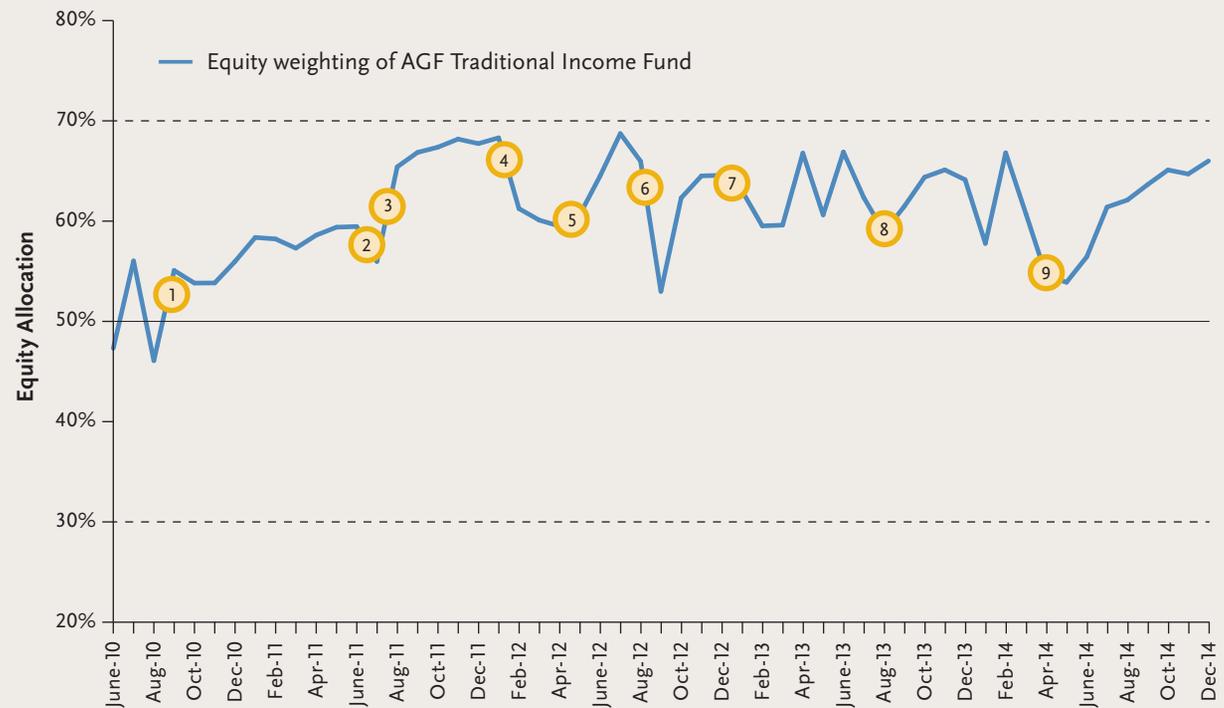
## Active asset allocation

The asset mix for AGF Traditional Income Fund is based on a number of factors including:

- > bond yields
- > dividend yields
- > valuations of equities

1	QE2 announced in Aug 2010 – raised equity position in anticipation of market rally
2	QE2 ends, reduced equity weighting
3	Market correction, raised equity weighting. Operation Twist announced in Sept 2011
4	Markets rally, lowered equity weighting in light of continued European issues
5	Markets fall on poor Euro sentiment, raised equity weighting and shifted exposure to cyclical sectors
6	Raised cash for rebalancing purposes
7	Raised equity weight as QE3 expanded indefinitely to US\$85 billion per month
8	Took some profits, repositioned into Canadian energy on view of elevated energy prices and weaker Canadian dollar on the horizon
9	Trimmed winners in Canadian energy and increased fixed-income weighting to potentially benefit from lower yields in the near term

## Responsive and proactive



For period from June 2010 to December 2014. Source: AGF Investment Operations, Bloomberg

\* Foreign securities are not to exceed 49% of net assets.

# AGF Traditional Income Fund – multi-layered investment approach

## Sector allocation mix

On the equity side of the portfolio, Peter Frost typically invests in a minimum of eight of 10 GICs sectors, avoiding more volatile sectors where the risk/reward trade-off is currently unfavourable. Broad diversification helps to differentiate holdings and weightings from the benchmark.

In sectors where the opportunity set is small, Peter augments the Canadian holdings in the Fund with foreign holdings that have shown above-average dividend growth.

## Security selection

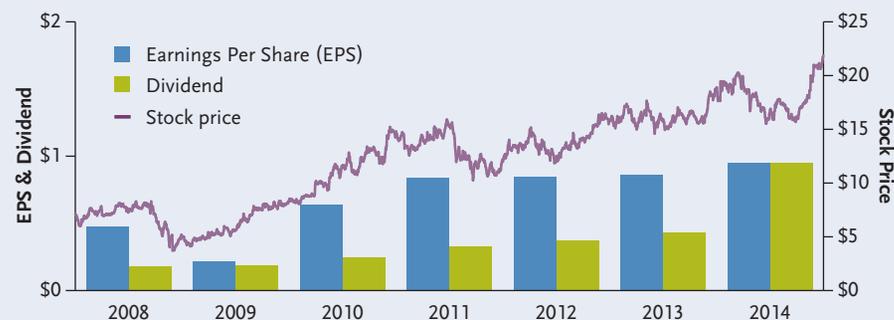
As a seasoned portfolio manager, Peter brings more than 20 years of experience managing core mandates for retail investors, pension plans and institutional clients. His emphasis on investing in companies that are committed to rewarding shareholders through above-average dividend growth has resulted in a portfolio that has a different quality profile compared with that of the S&P/TSX Composite Index. Average five-year dividend growth for AGF Traditional Income Fund is 17.3% versus 7.5% for the Index.<sup>1,2</sup>

The fixed-income portion of the portfolio, managed by Tristan Sones and Tom Nakamura, is similarly quality-biased. Top-down fundamental analysis, combined with active eye on changes in interest rates and currencies aims to keep the Fund positioned for not only what's at hand but also looking forward.

## Victrex PLC – all the hallmarks of quality

Victrex is a U.K.-based manufacturer of high-grade PEEK polymer. The company has dominant global market share for a material that is seeing increased application for industrial and medical usage. Victrex delivers above-average margins with strong underlying demand growth for PEEK. The company has a strong management team committed to growing its dividend over time. Average five-year dividend growth was 18% as of December 31, 2014.

## Better fundamentals – better results



Source: AGF Investment Operations, Bloomberg as of December 31, 2014. Victrex PLC was a top-10 holding in AGF Traditional Income Fund as of January 31, 2015.

**For more information on the Fund, please contact your Financial Advisor and visit [AGF.com](http://AGF.com).**

<sup>1</sup>Source: AGF Investment Operations as of December 31, 2014.

<sup>2</sup>Comparable Rates of Return for the AGF Traditional Income Fund versus its Benchmark (50% S&P/TSX Composite Index & 50% FTSE TMX Canada Universe Bond Index) as of December 31, 2014 are as follows: 1 year 4.0% (vs. 9.9%); 3 year 8.3% (vs. 7.1%) and 7.3% (vs. 6.5%) since Performance Start Date of May 7, 2010.

AGF Social Values Balanced Fund merged into the Fund on May 23, 2014. The information contained in this material is designed to provide you with general information related to investment alternatives and strategies and is not intended to be comprehensive investment advice applicable to the circumstances of the individual. We strongly recommend you to consult with a financial advisor prior to making any investment decisions. 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.

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

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