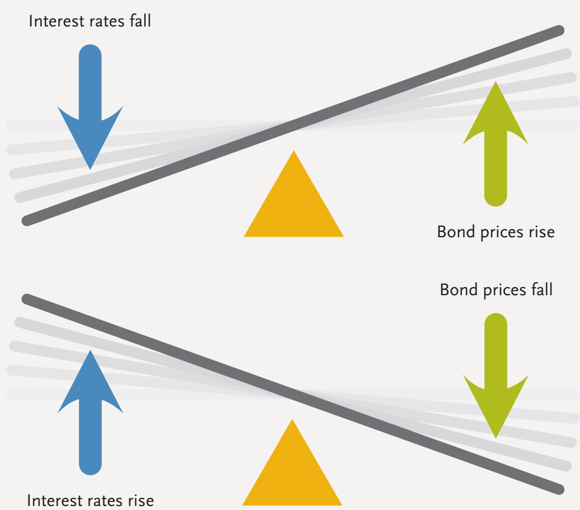
Rethinking your fixed-income portfolio

Fixed-income investors have enjoyed an unprecedented bull market in bonds over the last 30 years, with falling interest rates adding significant price appreciation on top of bonds' coupon income. However, investors are struggling to achieve acceptable bond returns in today's low-yield environment and now is the time to reposition your portfolio for the eventuality of rising rates.

The risk of inaction

Diversification, often considered to be the cornerstone of equity investing, is just as important within a fixed-income portfolio to smooth out returns over time.

Longer-term government bonds are especially susceptible to the risk of rising interest rates and could potentially deliver negative returns.



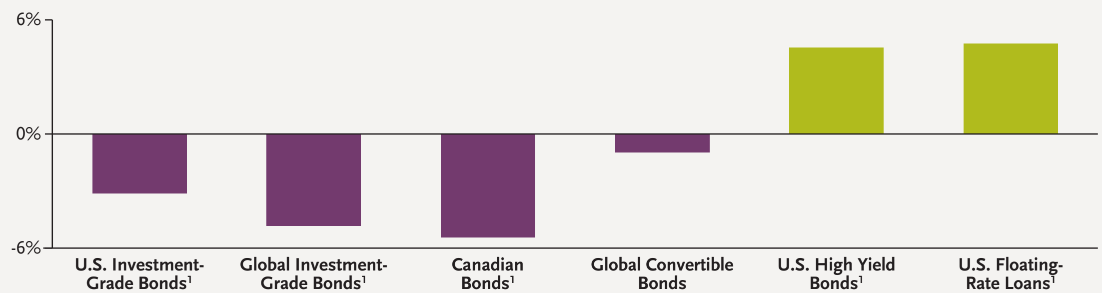
Diversify to add value in a challenging fixed-income environment

There are a number of options within the fixed-income asset class that can provide investors with potentially higher yields without sacrificing credit quality, offer diversification benefits and safeguard against the impact of rising interest rates.

GLOBAL CONVERTIBLE BONDS	FLOATING-RATE LOANS (FRLs)	HIGH-YIELD BONDS	INFLATION-LINKED BONDS (ILBs)
With their built-in option to convert to a company's underlying stock, convertible bonds are a hybrid solution providing the defence of bonds with the upside potential of equities. In fact, no other fixed-income solution has as much upside potential.	FRLs are attractive when interest rates are expected to rise because as they do, the bond's coupon increases. Loan duration is, on average, less than a year.*	High-yield bonds can potentially provide higher yields than government bonds and offer the potential for capital appreciation.	ILBs guarantee that an investor's returns are not reduced by inflation because when inflation rises, the bond's principal also rises, so the real return isn't impacted.

* Longer-duration bonds are more sensitive to interest-rate changes.

Return expectations with a 1% interest rate hike



Source: AGF Investment Operations, December 31, 2015

AGF offers a number of solutions to diversify your fixed-income portfolio

	AGF FIXED INCOME PLUS FUND[2]	AGF GLOBAL CONVERTIBLE BOND FUND	AGF EMERGING MARKETS BOND FUND	AGF GLOBAL BOND FUND	AGF FLOATING RATE INCOME FUND	AGF HIGH YIELD BOND FUND	AGF TOTAL RETURN BOND FUND
Fund manager/ Fund advisor	**David Stonehouse,** AGF Investments Inc.	**David Stonehouse,** AGF Investments Inc.	**Tristan Sones,** AGF Investments Inc.	**Jean Charbonneau,** AGF Investments Inc.	**Scott Page & Craig Russ,** Eaton Vance Management Inc.[3]	**Tom Nakamura,** AGF Investments Inc.	**Tristan Sones,** AGF Investments Inc.
Objective(s)	Seeks to provide monthly income.	Seeks to generate long-term total returns by investing in convertible bonds.	Seeks to provide an attractive return relative to risk.	Aims to provide interest income and capital appreciation.	Monthly income (that floats with changing interest rates) and capital growth.	Generate a high level of income and maximize return.	Aims to provide a higher level of interest income and capital appreciation potential.
Type of holdings	High-quality Canadian government and corporate bonds, convertibles, high-yield bonds and emerging market bonds.	Global convertible bonds issued by entities domiciled or conducting business anywhere in the world.	Three main categories of emerging market debt and currencies.	Investment-grade debt securities of governments, corporations and other issuers around the world.	U.S. senior, secured bank loans.	Primarily fixed-income securities issued or guaranteed by corporations around the world and rated BB+ equivalent or lower.	Diversified portfolio of debt securities from issuers around the world.
Investment process	The portfolio manager's core fixed-income style involves a managed duration approach supplemented by high-quality investment-grade credits with attractive yield spreads.	The manager combines a top-down macro assessment with bottom-up fundamental research, including credit and security selection, focusing on conversion premium and total return potential.	The AGF Fixed Income team takes a diversified approach by investing in the entire emerging market fixed-income opportunity set, including currencies.	The AGF Fixed Income team combines a top-down fundamental approach based on category allocation, currency, country allocation and duration management with a bottom-up approach to corporate bond selection.	The portfolio manager uses a bottom-up, research driven investment approach to build a portfolio of senior floating-rate loans, diversified by sector, issuer and credit tier.	The AGF Fixed Income team seeks to maximize the total return of the portfolio through a bottom-up approach to corporate bond selection.	The Fund's top-down fundamental approach determines the Fund's category allocation and is combined with a bottom-up approach to corporate bond selection using proprietary corporate credit research.
Risk profile	Low Med High	Low Med High	Low Med High	Low Med High	Low Med High	Low Med High	Low Med High

To find out how AGF funds can help protect and grow your fixed-income allocation, please visit AGF.com/Income and contact your Financial Advisor.

[1] U.S. bonds are represented by the Barclays Capital U.S. Aggregate Bond Index; global bonds are represented by the Barclays Capital Global Aggregate Bond Index; Canadian bonds are represented by the FTSE TMX Canada Bond Universe Index; U.S. High-Yield bonds are represented by the Barclays Capital U.S. Corporate High Yield Index; floating-rate loans are represented by the S&P/LSTA Leveraged Loan Index; Global convertible bonds are represented by Barclays Capital Global Convertibles Index. For illustrative purposes only. You cannot invest directly in an index.

[2] AGF Canadian Bond Fund and AGF Inflation Plus Bond Fund merged into AGF Fixed Income Plus Fund on May 20, 2016. Effective April 1, 2016, AGF reduced the MF Series management fee from 2.00% to 1.50%.

[3] Eaton Vance Management (Boston, Massachusetts), Portfolio Manager of AGF Floating Rate Income Fund, is an International Advisor relying on an exemption from Canadian registration requirements under National Instrument 31-103.

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