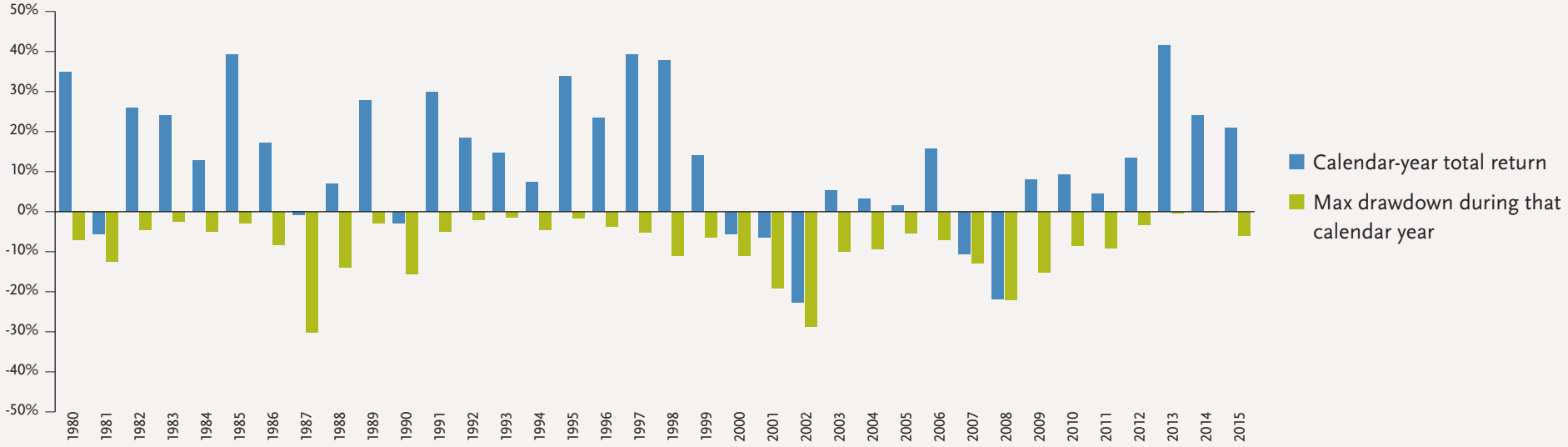
AGF
What are you doing after work?®

Unpredictable markets require a better solution

While taking a long-term view of investing is important, fluctuation is a normal occurrence in the stock market. Over the long term, stock market returns are positive with gains outweighing the short-term downside. However, stock markets do not move in a straight line and determining when to stay fully invested versus when to invest a percentage in cash requires an evaluation of market risk. AGF U.S. Sector Class is designed to navigate these markets as the Fund's objective is to provide downside protection in declining markets, while at the same time participating in rising markets.

The market volatility ride – historically gains outweigh short-term setbacks

S&P 500 Calendar-year returns and intra-year drawdowns



Source: Morningstar Direct as of December 31, 2015.
Calendar-year return refers to the total return for the S&P 500 Index for each calendar year. Intra-year drawdowns refer to the largest market drops over periods within that calendar year.

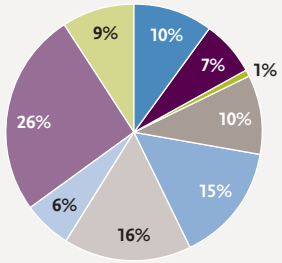
AGF U.S. Sector Class – Market Risk Regimes

CALM – In times of low-to-normal market risk levels, the Fund's proprietary Market Risk Model will indicate a Calm Risk Regime.

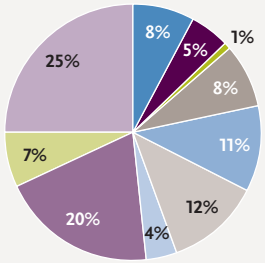
In a Calm Risk Regime, the Fund is fully invested with diversified exposure to all nine GICs sectors* based on the Fund's proprietary Sector Allocation Model.

ELEVATED – When the Fund forecasts an Elevated Risk Regime, the proprietary Market Risk Model will evaluate momentum indicators to determine whether an allocation will be made to cash. Depending on the direction of the momentum, the Fund will either remain fully invested (Positive Momentum) or allocate 25% of Fund assets to cash (Negative Momentum) while the remaining 75% remains fully diversified amongst the nine GICs sectors.*

Positive Momentum



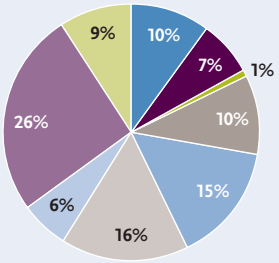
Negative Momentum



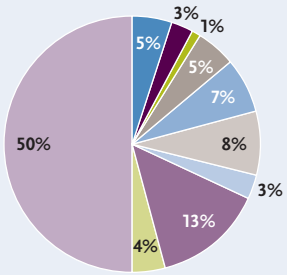
- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Health Care

HIGH – When the Fund's Market Risk forecast indicates a High Risk Regime, the proprietary Market Risk Model will again evaluate momentum indicators to determine whether an allocation will be made to cash. If momentum indicators are positive, the Fund will remain fully invested in the market, however, if momentum indicators are negative, the Fund will move 50% of assets into cash equivalents with the remaining 50% allocated to all nine GICs sectors.*

Positive Momentum



Negative Momentum



- Industrials
- Materials
- Technology*
- Utilities
- Cash Equivalents

EXTREME – When the Fund's proprietary Market Risk forecast indicates an Extreme Risk Regime, the Fund will signal a shift to cash.

In an Extreme Risk Regime, the risk of significant drawdown outweighs the potential upside reward of positive market direction and, therefore, the Fund reverts 100% to cash equivalents.

Once the Market Risk model forecasts the end of an Extreme Risk regime, the Fund re-enters the market at the appropriate risk regime (Calm, Elevated, High)

All sector allocation percentages as shown are hypothetical in order to showcase the Fund's responsiveness to changes in Market Risk Regimes and allocations to cash. The minimum allocation to a given sector is 1%.

* For investment purposes, the Fund combines Telecommunication Services and Information Technology into one holding.

For more information about AGF U.S. Sector Class and its investment process, please visit AGF.com/USsector.

FOR ADVISOR USE WITH INVESTORS

The Fund was renamed from AGF U.S. AlphaSector Class, effective August 31, 2015. Highstreet Asset Management Inc. and FFCM, LLC added as portfolio advisors to AGF U.S. Sector Class, effective August 31, 2015. FFCM, LLC is a majority-owned subsidiary of AGF Management Limited acquired on November 17, 2015. The remaining ownership is held by FFCM's management team.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus carefully before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all 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. The payment of distributions should not be confused with a fund's performance, rate of return or yield. If distributions paid by the fund are greater than the performance of the fund, your original investment will shrink. Distributions paid as a result of capital gains realized by a fund, and income and dividends earned by a fund are taxable in your hands in the year they are paid. Your adjusted cost base will be reduced by the amount of any returns of capital. If your adjusted cost base falls below zero, you will have to pay capital gains tax on the amount below zero. Publication Date: May 18, 2016.

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