

Rethink Balanced Funds

For many Canadian investors, balanced funds are the investment of choice. In fact, they account for nearly half of all assets invested in long-term mutual funds.*

Reasons for popularity

- For investors starting out, balanced funds are an all-in-one solution as they include both stock and bond diversification
- For other investors who need to boost returns without moving too far up the risk ladder, balanced funds provide a comfort zone

Foundation for an investment portfolio

Balanced funds can provide a foundation for an investment portfolio as they include:

- Fixed-income securities for income and safety
- Equities for long-term capital appreciation potential

Downside protection

The built-in and managed bond component of a balanced fund affords greater downside protection than pure equity growth funds and those focused on dividend-paying equities.

Difference between a balanced fund and an asset allocation fund

- Many balanced funds have a static asset mix – traditionally 60% equities and 40% fixed-income securities – that they rebalance to regardless of evolving market challenges and asset-class opportunities
- Asset mix of asset allocation funds are actively adjusted by the portfolio managers based on market conditions – the range in which the fund can move in either direction is determined by its investment policy guidelines

* Source: Investment Funds Institute of Canada (IFIC), December 31, 2015.

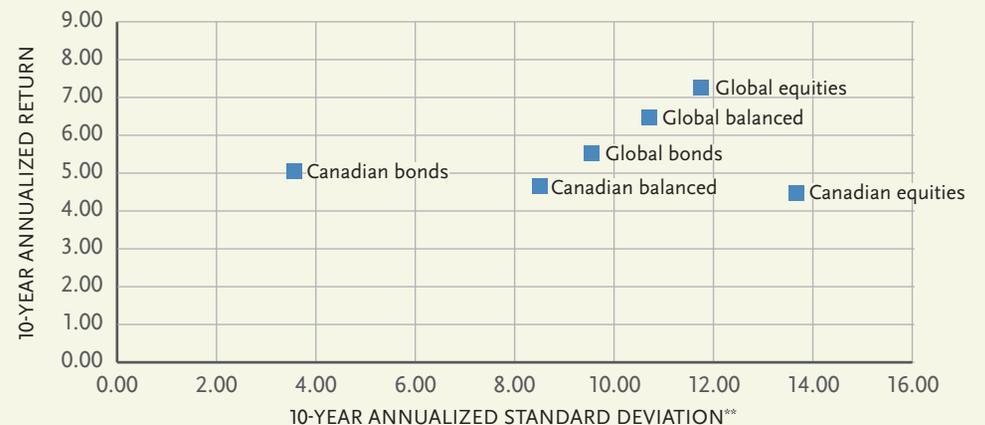
** Standard deviation is the variation from the average and is used to measure a fund's volatility.

Less volatility than an equity fund

Depending on the fund's asset mix, a balanced fund will be affected by interest-rate changes, stock-market performance and the general economic outlook.

However, by investing in a combination of equities and fixed-income securities, a balanced fund should be a less volatile solution than an equity fund.

10-year risk/reward chart



Source: Morningstar Direct, December 31, 2015. Canadian equities are represented by the S&P/TSX Composite Total Return Index, global equities by the MSCI All Country World GR Index, Canadian bonds by the FTSE TMX Canada Universe Bond Index, global bonds by the Barclays Global Aggregate Total Return Index. Canadian balanced is 50% Canadian equities and 50% Canadian bonds. Global balanced is 50% global equities and 50% global bonds. For illustrative purposes only. You cannot invest directly in an index. Please consult your financial advisor regarding your particular circumstances before investing.

When selecting balanced funds, investors are advised to work with a financial advisor to determine the appropriate weighting range of bond versus equity for their particular circumstances. Whether you are looking for a fixed-weight or more agile balanced solution, AGF has an all-in-one solution for you.

AGF Balanced Solutions

	AGF DIVERSIFIED INCOME FUND ¹	AGF TRADITIONAL INCOME FUND ²	AGF EMERGING MARKETS BALANCED FUND	AGF MONTHLY HIGH INCOME FUND ³	AGF TACTICAL INCOME FUND ⁴	AGF GLOBAL BALANCED FUND ⁵
Portfolio manager	David Stonehouse, AGF Investments Inc.	AGF Investments Inc. <i>Equity portion:</i> Peter Frost <i>Fixed-income portion:</i> AGF Fixed Income Team	AGF Investments Inc. <i>Equity portion:</i> Stephen Way & Alpha Ba <i>Fixed-income portion:</i> Tristan Sones	AGF Investments Inc. <i>Equity portion:</i> Peter Frost <i>Fixed-income portion:</i> AGF Fixed Income Team	Greg Bay & Michael Fricker, Cypress Capital Management Ltd.	AGF Investments Inc. <i>Equity portion:</i> Stephen Way <i>Fixed-income portion:</i> Jean Charbonneau
Fund type	Global fixed-income balanced	Canadian balanced	Global balanced	Canadian balanced	Canadian balanced	Global balanced
Fund characteristic	Seeks a higher level of current income and long-term capital growth by investing primarily in a diversified portfolio of income, dividend-paying securities.	Focuses on equities with above-average dividend growth and fixed-income securities with strong fundamentals.	Captures opportunities in emerging markets (EM) by investing in both equities and bonds.	Aims to deliver maximum cash flow through a diversified portfolio of high dividend-paying stocks and bonds.	Diversified portfolio of income-generating and capital growth-oriented securities.	Invests in undervalued companies to provide growth opportunities and bonds to provide steady income.
Asset mix	Minimum of 20% investment-grade fixed-income securities; Maximum of 40% dividend-paying securities	Neutral target weight: 50% equities 50% fixed-income Asset mix can fluctuate +/- 20%	Neutral target weight: 50% EM equities 50% EM bonds Asset mix can fluctuate +/- 15%	Neutral target weight: 50% equities 50% fixed-income Asset mix can fluctuate +/- 30%	Neutral target weight: 85% equities 15% fixed-income Asset mix can fluctuate +/- 15%	Neutral target weight: 70% equities 30% fixed-income Asset mix can fluctuate +/- 20%
Risk profile	Low Med High	Low Med High	Low Med High	Low Med High	Low Med High	Low Med High

ACTIVE ASSET ALLOCATION SOLUTIONS	AGF Canadian Asset Allocation Fund	AGF Flex Asset Allocation Fund
Fund characteristic	These Funds, with their flexible mandates, proactively manage the asset mix with a focus on capital growth and risk management	
Fund type	Canadian asset allocation	Global asset allocation
Risk profile	Low Med High	Low Med High

To find out more, visit AGF.com/Balanced or contact your Financial Advisor.

¹ On August 12, 2009, unitholders approved a change in the investment objective increasing the portfolio's diversification to include high-yielding and dividend-paying securities.

² AGF Traditional Income Fund's targeted annual distribution was reduced from 4% to 3%, paid monthly, effective January 1, 2016.

³ AGF Monthly High Income Fund's targeted annual distribution was reduced from 6% to 5%, paid monthly, effective January 1, 2016.

⁴ On August 12, 2009, the Fund changed its investment objective to permit investments in corporate debt of any grade. On April 1, 2016, AGF reduced the MF series management fee from 2.50% to 2.20%.

⁵ On April 19, 2016, the Fund was renamed from AGF World Balanced Fund.

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.