

Fund Commentary

Q2 | 2026

Morningstar Category

Global Core Plus Fixed Income

Inception Date

June 15, 1994 (Series MF)
January 14, 2000 (Series F)

Portfolio Managers

AGF Investments Inc.
Tom Nakamura, VP, Head of Fixed Income & Currencies & Portfolio Manager

Market Overview

The global economy was characterized by divergent growth trajectories during the reporting period, driven by the geopolitical conflict in the Middle East and energy price shocks. In the United States, the Gross Domestic Product growth rate for the first-quarter of 2026, rose to 2.1%, while the labour market remained broadly stable and the unemployment rate declined slightly to 4.2% in June. Headline inflation rose to 4.2% in May on higher energy prices, and continues to hold above the U.S. Federal Reserve's (Fed's) 2% target rate. The Fed held its federal funds rate steady in the 3.50% to 3.75% range, but signaled a commitment to price stability and indicated a more hawkish tilt. The Eurozone economy shrank by 0.1% in the first quarter, however, the European Central Bank prioritized sticky inflation by lifting its policy rate by 25 basis points to 2.4% in June. Canadian economic growth stalled in the first calendar quarter of 2026, but early data is projecting a rebound in the second quarter. The Bank of Canada held its interest rate steady at 2.25% to balance recessionary risks against elevated energy costs.

The Bank of Japan raised its policy rate by 25 bps to a 31-year high of 1% in June, to manage persistent energy cost pressures on production and employment. Emerging market (EM) returns were strongly positive across asset classes over the quarter, supported by higher real yields and improving policy frameworks. South Korea and Taiwan benefited from their positioning in artificial intelligence driven value chain trade, while Brazil, Mexico and Argentina benefitted from the trade in commodities and near-shoring of supply chains.

Global bond markets delivered positive returns during the period, primarily due to a combination of lower yields in select economies, and strong corporate credit fundamentals resulting in tightening credit spreads. U.S. Treasury yields faced upward pressure from higher inflation and tighter monetary policies from select major central banks. Within fixed income markets, credit sectors outperformed sovereign bonds, due to compression of credit spreads, rising yields along with resilient corporate fundamentals, and the negative impact of record government borrowing on sovereign debt. Global investment-grade (IG) underperformed high-yield (HY) corporate bonds, on a relative basis, as a risk on environment favored higher beta categories.

Additionally, floating-rate loans, which was the second highest performing category, generated positive returns by capturing higher coupon income amid rising Treasury yields, completely insulated from interest rate risk.

Fund Overview | June 30, 2026

Annualized Performance in CAD, Net of Fees	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	PSD ⁺
AGF Total Return Bond Fund - Series MF [^]	1.9%	4.3%	3.8%	0.4%	1.4%	4.2%
AGF Total Return Bond Fund - Series F [^]	2.1%	5.3%	4.7%	1.3%	2.2%	4.9%
Benchmark [*]	3.1%	5.9%	7.7%	2.1%	3.4%	5.6%

Source: AGF Investments. One cannot invest directly in an index. **Past performance is not indicative of future results.** [^]AGF Global Bond Fund merged into AGF Total Return Bond Fund on May 15, 2020. The merger may have material effect on the performance of the fund. Effective April 30, 2025, AGF Investments LLC is a subadvisor to AGF Total Return Bond Fund. ^{*}40% Bloomberg Global High-Yield Bond Index (Hedged to CAD) / 40% Bloomberg Emerging Markets Bond Index (Hedged to CAD) / 20% Bloomberg Global Aggregate Index. Series MF MER: 1.70%, Series F MER: 0.78%, as of March 31, 2026. ⁺Performance Start Date (PSD): July 9, 2001 (Series MF); July 9, 2001 (Series F). Benchmark PSD reflects the PSD of Series MF.

The AGF Total Return Bond Fund (Series MF) underperformed the blended benchmark during the quarter. Security selection was the primary contributor, while category allocation detracted from performance during the period.

Within Corporate Bonds, the Fund's overweight allocation to Investment Grade bonds was a detractor, while the underweight allocation to High Yield bonds was also a detractor. However, selection effects within High Yield bonds contributed to performance.

Moreover, the Fund's underweight allocation to Government Related Bonds (Agency, Local Authority, MBS, Sovereign, Supranational, Treasury) was a detractor from overall performance, while selection effects contributed. An underweight allocation to Government owned bonds contributed the most, while an overweight allocation to Supranational government bonds detracted the most. Furthermore, security selection within Supranational bonds contributed.

Lastly, Currency and Foreign Exchange management detracted from performance over the reporting period. The Fund's overweight position to the Turkish Lira and the South African Rand contributed to performance, while an overweight position to the Canadian dollar and underweight position to the U.S. Dollar detracted.

Market Outlook

The Fund Manager remains selective with a disciplined strategy focused on quality issuers of government and corporate bonds with strong fundamentals and capable of supporting debt servicing, along with a focus on tactical duration management. Corporate debt with prudent leverage and disciplined capital allocation continues to reinforce investor confidence, supported by financial discipline, transparency, and reliable income and attractive relative value across investment-grade and select high-yield sectors. Elevated yields relative to historical norms continue to offer a more attractive total return profile, while also helping bonds to better act as an equity market hedge.

Global monetary policy may diverge in the upcoming year, owing to the resilience in the labour market and higher-than-expected economic growth in the U.S., while inflation pressures and geopolitical uncertainty could negatively impact other developed market economies. We expect interest rates in Canada to be dependent on economic growth, considering the central banks' willingness to look through the initial inflationary pressures resulting from higher energy prices. The Fund Manager remains vigilant of the impact of rising global sovereign debt along with the potential for a continuation of geopolitical tensions.

Series F securities can be purchased under the simplified prospectus only through a registered dealer who has obtained consent of AGF to offer Series F securities.

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 or unit value and reinvestment of all dividends 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.

MER as of March 31, 2026. AGFI may, in its discretion, temporarily waive some or all of the expenses of the Fund, which will result in a reduction in the MER. AGFI may cease to offer any such waiver at any time without notice.

The commentaries contained herein are provided as a general source of information based on information available as of June 30, 2026. It is not intended to address the needs, circumstances, and objectives of any specific investor. The content of this commentary is not to be used or construed as investment advice, as an offer to buy or sell any securities, and is not intended to suggest taking or refraining from any course of action. Every effort has been made to ensure accuracy in these commentaries at the time of publication, however, accuracy cannot be guaranteed. Market conditions may change and AGF Investments Inc. accepts no responsibility for individual investment decisions arising from the use or reliance on the information contained herein.

This document may contain forward-looking information that reflects our current expectations or forecasts of future events. Forward-looking information is inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed herein.

Holdings are subject to change and do not represent all of the securities purchased, sold or recommended for the portfolio. It should not be assumed that investments in the securities identified were or will be profitable and should not be considered an endorsement or recommendation by AGF Investments.

Bloomberg® and Bloomberg Global High-Yield Bond Index (CAD-hedged), Bloomberg Emerging Markets Bond Index (CAD-hedged) and Bloomberg Global Aggregate Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by AGF Management Limited and its subsidiaries. Bloomberg is not affiliated with AGF Management Limited or its subsidiaries, and Bloomberg does not approve, endorse, review or recommend AGF Total Return Bond Fund. Bloomberg does not guarantee the timeliness, accurateness, or completeness, of any data or information relating to AGF Total Return Bond Fund.

© 2026 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

AGF Investments is a group of wholly owned subsidiaries of AGF Management Limited, a Canadian reporting issuer. The subsidiaries included in AGF Investments are AGF Investments Inc. (AGFI), AGF Investments LLC (AGFUS) and AGF International Advisors Company Limited (AGFIA). The term AGF Investments may refer to one or more of these subsidiaries or to all of them jointly. This term is used for convenience and does not precisely describe any of the separate companies, each of which manages its own affairs. AGF Investments entities only provide investment advisory services or offers investment funds in the jurisdiction where such firm and/or product is registered or authorized to provide such services. AGF Investments Inc. is a wholly-owned subsidiary of AGF Management Limited and conducts the management and advisory of mutual funds in Canada.

This report may not be reproduced (in whole or in part), transmitted or made available to any other person without the prior written permission of AGF Investments Inc.

® ™ The “AGF” logo and all associated trademarks are registered trademarks or trademarks of AGF Management Limited and used under licence.

Published: July 28, 2026.