AGF Multi-Asset Balanced Income Portfolio

AGF | Investments

Fund Commentary

Q2 | 2026

Morningstar Category

Global Neutral Balanced

Inception Date

April 19, 2012 (Series MF)
April 19, 2012 (Series F)

Portfolio Managers

AGF Investments Inc.
David Stonehouse, Head of North American & Specialty Investments & Portfolio Manager
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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 first-quarter Gross Domestic Product growth rate 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. The U.S. Federal Reserve (Fed) held its federal funds rate steady in the 3.50% to 3.75% range 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, 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.

Global equities, represented by the MSCI All Country World Index generated gains in the second quarter, primarily driven by earnings related momentum and geopolitical stabilization. Information Technology and Industrials led the market, driven by earnings visibility, higher capital expenditures and popularity of infrastructure themes. Financials advanced on stable credit conditions and policy clarity. Energy was the biggest laggard, as oil prices corrected sharply on indications of a potential resolution of the U.S.-Iran conflict. Small caps outperformed large caps amid earnings certainty; growth outpaced value on technology leadership. Equal-weighted indices lagged cap-weighted benchmarks, indicating narrow breadth.

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 favoured 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.

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Fund Overview | June 30, 2026

Annualized Performance in CAD, Net of Fees	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	PSD+
AGF Multi-Asset Balanced Income Portfolio - Series MF^	4.1%	9.2%	9.3%	5.4%	5.1%	5.7%
AGF Multi-Asset Balanced Income Portfolio - Series F^	4.4%	10.5%	10.6%	6.6%	6.3%	7.0%
Benchmark*	7.8%	18.9%	16.0%	9.4%	9.0%	9.3%

Source: AGF Investments. One cannot invest directly in an index. **Past performance is not indicative of future results.** ^Effective September 30, 2025, AGF Equity Income Fund was renamed to AGF Multi-Asset Balanced Income Portfolio. *25% S&P/TSX Composite Index / 25% BBG Canada Aggregate Index / 25% MSCI All Country World Index / 25% BBG Global High Yield Index. On November 1, 2018, AGF Multi-Asset Balanced Income Portfolio benchmark changed to a blended index of 25% S&P/TSX Composite Index / 25% FTSE Canada Universe Index / 25% MSCI All Country World Index / 25% Bloomberg Global High Yield Index. Then on September 1, 2019, the benchmark changed to a blended index of 25% S&P/TSX Composite Index / 25% Bloomberg Canadian Aggregate Bond Index / 25% MSCI All Country World Index / 25% Bloomberg Global High Yield Index. In both cases, the benchmark changes were applied from that date forward. Series MF MER: 2.24%, Series F MER: 1.06%, as of March 31, 2026. +Performance Start Date (PSD): May 8, 2012 (Series MF); June 27, 2012 (Series F). Benchmark PSD reflects the PSD of Series MF.

For the quarter ended June 30, 2026, AGF Multi-Asset Balanced Income Portfolio underperformed its blended benchmark on a net-of-fees basis. Allocation contribution, which reflects the effectiveness of asset-class positioning, was an overall detractor from performance over the period, while selection contribution, which measures the impact of underlying fund selection, was also an overall detractor from performance. Selection of AGF Fixed Income Plus Fund, AGF Credit Opportunities Fund and AGF Systematic Global Infrastructure ETF were the top contributors to performance, whereas AGF Global Dividend Fund and AGF Total Return Bond Fund were the main detractors from performance.

Market Outlook

Our equity positioning continues to be anchored in sectors and asset classes benefiting from infrastructure spending and durable growth drivers, which are driving capital investment across technology and AI investments. Equity markets remain focused on headline risks, including inflation pressures, geopolitical uncertainty, and rising global deficits. Opportunities remain compelling in Financials, Industrials and Consumer Staples due to strong cash flows and the fund's value bias.

Elevated yields relative to historical norms continue to offer an attractive return profile. Corporate debt 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.

Global corporate debt continues to offer an attractive investment case, as Central Banks begin to shift towards more hawkish messaging despite recent volatility. Global government bond yields are close to decade highs, presenting potential opportunities for income and downside protection. Global monetary policy is likely to become less accommodative in 2026 owing to the sustained inflation pressures, alongside strength in the labour market and higher-than-expected economic growth. The Fund Manager remains vigilant of the impact of rising sovereign debt along with the potential for further escalation 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.

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