AGF Fixed Income Plus Fund

Fund Commentary

Q2 | 2026

Morningstar Category	Inception Date	Portfolio Managers
Canadian Core Plus Fixed Income	November 30, 1998 (Series MF) April 16, 2001 (Series F)	**AGF Investments Inc.** **David Stonehouse**, Head of North American & Specialty Investments & Portfolio Manager **Jean-Sébastien Nadeau**, 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 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%, balancing recessionary risks against elevated energy costs.

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 concerns, while Canadian bond yields fell on economic growth concerns. Within fixed income markets, credit sectors outperformed sovereign bonds, due to compression of credit spreads, 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; however, as a risk on environment favored higher beta categories.

Additionally, floating-rate loans, which were the second highest performing category, generated positive returns by capturing higher coupon income amid rising Treasury yields.

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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 Fixed Income Plus Fund - Series MF^	2.4%	3.7%	4.3%	0.2%	1.2%	3.3%
AGF Fixed Income Plus Fund - Series F^	2.6%	4.5%	5.1%	1.0%	2.1%	4.4%
Benchmark*	1.9%	3.4%	4.3%	0.7%	1.7%	4.2%

Source: AGF Investments. One cannot invest directly in an index. **Past performance is not indicative of future results.** ^Harmony Canadian Fixed Income Pool merged into AGF Fixed Income Plus Fund on June 28, 2019. AGF Canadian Bond Fund and AGF Inflation Plus Bond Fund merged into AGF Fixed Income Plus Fund on May 20, 2016. The merger may have material effect on the performance of the fund. *Bloomberg Canada Aggregate Index. On September 1, 2019, AGF Fixed Income Plus Fund benchmark changed from the FTSE Canada Universe Bond Index to the Bloomberg Canada Aggregate Index. The benchmark change was applied from that date forward. Series MF MER: 1.50%, Series F MER: 0.68%, as of March 31, 2026. +Performance Start Date (PSD): November 30, 1998 (Series MF); April 16, 2001 (Series F). Benchmark PSD reflects the PSD of Series MF.

The AGF Fixed Income Plus Fund (Series MF) outperformed its benchmark, the Bloomberg Canada Aggregate Index, during the quarter. Category allocation was neutral and security selection was the primary contributor to performance during the period. The portfolio's overall positive currency effect also contributed to performance.

The Fund’s largest category contribution came from a significantly overweight allocation to corporate bonds, wherein allocation to the Consumer Cyclicals sector primarily drove returns. Performance was further aided by positive selection effects within the Consumer Non-Cyclical and Energy sectors. The Fund’s out-of-benchmark component, made up of convertible bonds, also contributed.

Moreover, the Fund’s underweight allocation to treasuries contributed to performance, and selection decisions and a positive currency effect within the category were also a contributor to performance. On the other hand, the Fund maintained a significantly underweight allocation to Canadian government bonds during the reporting period, which detracted from relative results.

Performance was further aided by positive selection effects within the corporate bonds and Government-Related bonds categories. The Fund’s overweight cash allocation also contributed to overall performance, due to a modest positive currency effect.

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. Elevated yields relative to historical norms continue to offer a more attractive total return profile, enabling bonds to contribute more to portfolio returns. 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, despite recent volatility.

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.

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Published: July 28, 2026.